



HINKLE + LANDERS

Certified Public Accountants + Business Consultants

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL
DISTRICT No. 22**

**FINANCIAL STATEMENTS, SUPPLEMENTARY
INFORMATION AND INDEPENDENT
AUDITOR'S REPORT**

For the Year Ended June 30, 2019

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
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For the Year Ended June 30, 2019**

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**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Official Roster
As of June 30, 2019**

**OFFICIAL ROSTER
June 30, 2019**

<u>BOARD OF EDUCATION</u>		<u>ADMINISTRATION</u>	
Charlie T. Jones, Jr.	President	Terrian Benn	Superintendent
Ruthda W. Thomas	Vice-President	Vacant	Acting Superintendent
Christina J. Aspass	Secretary	Kyle Archibeque	Director of Finance
Adam Jerome Begaye	Member	Violet Kelley	Director of Legal Services
Sheldon Pickering	Member	Magaret Trochek	Director of Human Resources
		Dr. Louisa Lopez-Martinez	Director of Curriculum and Instruction
		Amanda Sutherland	Director of Student Support Services
		Candice Thompson	Director of Facilities and Operations
<u>AUDIT COMMITTEE</u>		<u>FINANCE COMMITTEE</u>	
Ruthda W. Thomas	Vice-President	Charlie T. Jones, Jr.	President
Christina J. Aspass	Secretary	Sheldon Pickering	Member
Kyle Archibeque	Director of Finance	Terrian Benn	Superintendent
Herbie Clichee	Business Coordinator		
Cristi Walter	Chief Procurement Officer		



INDEPENDENT AUDITOR’S REPORT

Brian Colón, New Mexico State Auditor
To the Board of Education and Audit Committee of
Central Consolidated School District

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Central Consolidated School District (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the Central Consolidated Schools’ 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 misstatements, whether due to fraud or error.

Auditor’s Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis as listed in the table of contents 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, that collectively comprise Central Consolidated School's basic financial statements. The combining and individual nonmajor fund financial statements, as listed in the table of contents, as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, as listed in the table of contents as under the federal compliance section, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other schedules, as required by 2.2.2 NMAC, as listed other supplementary information in the table of contents, are also presented for purposes of additional analysis and are not a required part of the basic financial statements.

The statements and schedules, as listed as in the table of contents as supplementary information, other supplementary information and under the federal compliance section 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 statements and schedules were 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 13, 2019 on our consideration of Central Consolidated School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Central Consolidated School District's internal control over financial reporting and compliance.



Hinkle + Landers, PC
Albuquerque, New Mexico
November 13, 2019

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS
Management Discussion and Analysis
For the Year Ended June 30, 2019**

As management of Central Consolidated Schools (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2019. The management's discussion and analysis is presented as required supplementary information to supplement the basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the end of the fiscal year by \$4.5 million (net position). Of this amount, \$155.6 million is invested in capital assets, \$9.3 million is reserved for capital projects and debt service, \$11.8 million is restricted for special revenue fund purposes and a remaining deficit of \$172 million in unrestricted net position. This deficit primarily relates to the net pension and net OPEB liabilities at year-end of \$163.9 million and \$39.2 million, respectively.
- General revenues accounted for \$34.2 million in revenue, or 40% of all current fiscal year revenues. Program specific revenue in the form of charges for services and grants and contributions accounted for \$52 million or 60% of total current fiscal year revenues.
- The District had approximately \$106 million in expenses related to governmental activities, an increase of 5% from the prior fiscal year
- Among major funds, the General Fund had \$54.6 million in current fiscal year revenues, which primarily consisted of intergovernmental revenues from the federal and state governments, and \$58 million in expenditures. The General Fund's fund balance decreased from \$11.3 million at the prior fiscal year end to \$8 million at the end of the current fiscal year was due to expenditures exceeding revenues for the year.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements, The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sectors business. The accrual basis of accounting is used for the government-wide financial statements.

The statement of net position presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues. The governmental activities of the District include instruction, support services, food services, community services, and interest on long-term debt.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS
Management Discussion and Analysis
For the Year Ended June 30, 2019**

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements use the modified accrual basis of accounting and focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financial decisions. Both the government fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Food Services Fund #21000, Impact Aid Indian Education Fund #25147, and Debt Service Fund #41000, all of which are considered to be major funds. A statement of revenues, expenditures and changes in fund balances – budget and actual has been provided for the General, Food Services Fund #21000, Impact Aid Indian Education Fund #25147 as basic financial statements. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. Due to their custodial nature, the fiduciary funds do not have a measurement focus.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process and pension plan. Schedules for the pension plan have been provided as required supplementary information. Budget to actual schedules for certain funds are presented as other supplemental information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows exceeded liabilities and deferred inflows by \$4.5 million at the current fiscal year end.

The largest portion of the District's net position reflects its investment in capital assets (e.g., land and improvements, buildings and related improvements, vehicles, furniture and equipment, and construction in progress), less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related outstanding debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. In addition, a portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted and may be used to meet the District's ongoing obligations to its citizens and creditors. Unrestricted net position is current in a deficit position.

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS
Management Discussion and Analysis
For the Year Ended June 30, 2019**

The following table presents a summary of the District's net position for the fiscal years ended June 30, 2019, June 30, 2018, and June 30, 2017:

	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017
Current assets	\$ 30,155,657	31,398,204	33,879,421
Noncurrent assets	192,556,428	194,766,586	194,206,630
Total assets	<u>222,712,085</u>	<u>226,164,790</u>	<u>228,086,051</u>
Deferred outflows	<u>41,367,636</u>	<u>53,663,098</u>	<u>17,160,030</u>
Total assets and deferred outflows of resources	<u>\$ 264,079,721</u>	<u>279,827,888</u>	<u>245,246,081</u>
Current liabilities	\$ 6,681,018	6,849,555	6,738,961
Long-term liabilities	235,986,978	235,009,894	144,533,528
Total liabilities	<u>242,667,996</u>	<u>241,859,449</u>	<u>151,272,489</u>
Deferred inflows	<u>16,949,753</u>	<u>13,712,300</u>	<u>2,995,837</u>
Net Position:			
Net investment in capital assets	155,594,526	153,756,478	139,936,807
Restricted	21,444,359	17,929,774	29,953,499
Unrestricted	<u>(172,576,913)</u>	<u>(147,430,113)</u>	<u>(78,912,551)</u>
Total net position	<u>4,461,972</u>	<u>24,256,139</u>	<u>90,977,755</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 264,079,721</u>	<u>279,827,888</u>	<u>245,246,081</u>

At the end of the current fiscal year the District reported positive balances in two categories of net position. Unrestricted net position reported a deficit of \$172.2 million due to the District's proportionate share of the state pension and OPEB plan's unfunded liability. The same situation held true for the prior fiscal year.

The District's financial position is the product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. The following are significant current year transactions that had an impact on the Statement of Net Position.

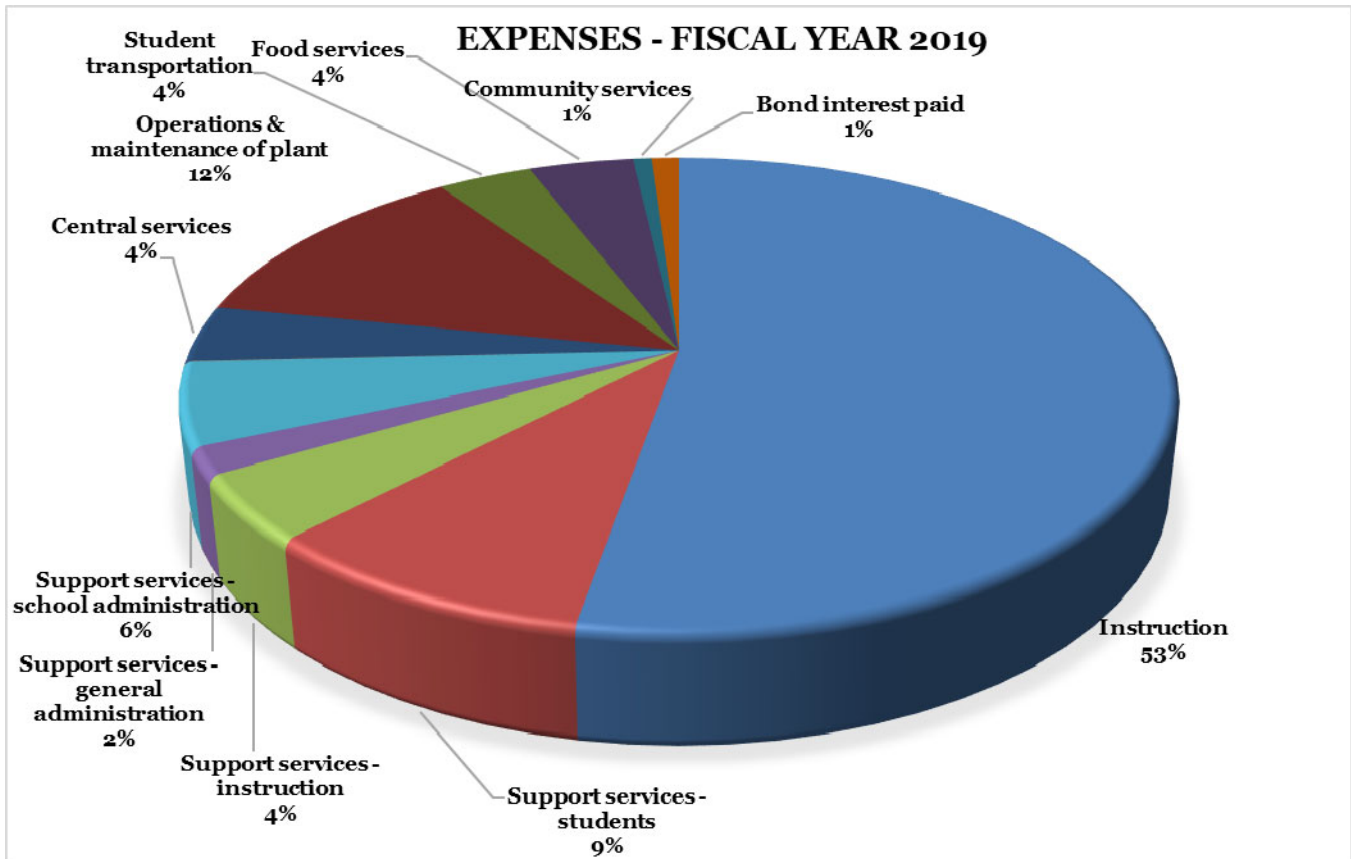
- The increase of \$8.1 million in pension liabilities due to current year pension expense of \$21.8 million and changes in the associated deferred outflows and inflows of resources.
- The principal retirement of \$3.9 million of bonds.
- The addition of \$5.4 million in capital assets primarily related to HVAC replacement project being performed at sites throughout the District.

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS
Management Discussion and Analysis
For the Year Ended June 30, 2019**

Changes in net position. The District's total revenues for the current fiscal year were \$86.3 million. The total cost of all programs and services was \$106.1 million. The following table presents a summary of the changes in net position for the fiscal years ended June 30, 2019 June 30, 2018, and June 30, 2017.

	Fiscal Year Ended June 30, 2019	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017
Revenues			
Program revenues:			
Charges for services	\$ 1,390,444	1,297,051	1,520,866
Operating grant and contributions	48,102,210	46,068,977	57,755,709
Capital grants and contributions	2,589,681	665,469	5,941,329
General revenues:			
Property taxes	7,655,460	7,671,606	7,533,485
Oil and gas taxes	19,371	19,325	22,902
Grants and contributions not restricted	26,113,154	28,021,584	13,318,615
Miscellaneous income	464,712	324,387	569,289
Total revenues	<u>86,335,032</u>	<u>84,068,399</u>	<u>86,662,195</u>
Expenses:			
Instruction	\$ 56,035,381	61,705,988	56,267,966
Support services - students	10,044,508	7,739,365	6,819,172
Support services - instruction	4,743,822	3,227,529	3,038,626
Support services - general administration	1,960,590	1,455,549	2,079,570
Support services - school administration	6,022,053	4,361,828	4,051,632
Support services - other	19,364	21,396	6,599
Central services	4,092,560	3,221,046	3,103,937
Operations & maintenance of plant	13,097,056	11,069,043	12,928,582
Student transportation	3,897,980	2,695,158	2,446,368
Food services	4,323,832	3,515,560	3,783,322
Community services	762,588	619,390	584,588
Bond interest paid	1,129,465	1,121,895	1,183,160
Refunds	-	-	56,890
Total expenses	<u>106,129,199</u>	<u>100,753,747</u>	<u>96,350,412</u>
Change in net position	(19,794,167)	(16,685,348)	(9,688,217)
Net position, beginning	<u>24,256,139</u>	<u>40,941,487</u>	<u>100,657,232</u>
Net position, ending	<u>\$ 4,461,972</u>	<u>24,256,139</u>	<u>90,969,015</u>

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS
Management Discussion and Analysis
For the Year Ended June 30, 2019**



The following are significant current year transactions that have had an impact on the change in net position.

- Increase in operating grants and contributions of \$2.0 million due to increases in Indian Impact Aid and Child Nutrition Cluster funding.
- Increase in capital grants and contributions of \$1.9 million due to the District receiving funding from the New Mexico Public School Facilities Authority for HVAC and roofing upgrades at Kirtland Elementary School.
- Decrease in grants and contributions not restricted of \$1.9 million primarily due to a decrease in State Equalization Guarantee revenue.
- Decrease in instruction expenses of \$5.7 million due to a decrease in current year pension expense of \$1.6 million and a decrease of \$2.8 million in OPEB expense.

The following table presents the cost of the District's major functional activities. The table also shows each function's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the State and District's taxpayers by each of these functions.

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS
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For the Year Ended June 30, 2019**

	<u>Year Ended June 30, 2019</u>		<u>Year Ended June 30, 2018</u>		<u>Year Ended June 30, 2017</u>	
	<u>Total Expenses</u>	<u>Net (Expense)/ Revenue</u>	<u>Total Expenses</u>	<u>Net (Expense)/ Revenue</u>	<u>Total Expenses</u>	<u>Net (Expense)/ Revenue</u>
Expenses:						
Instruction	\$ 56,035,381	(28,033,312)	61,688,238	(31,087,449)	47,491,950	(9,630,210)
Support services - students	10,044,508	(5,347,986)	7,739,365	(3,847,753)	6,819,172	(2,132,485)
Support services - instruction	4,743,822	(2,687,362)	3,227,529	(1,712,108)	3,038,626	(1,071,380)
Support services - general administration	1,960,590	(953,184)	1,455,549	(770,752)	2,079,570	(724,534)
Support services - school administration	6,022,053	(3,405,328)	4,361,828	(2,313,820)	4,051,632	(1,428,553)
Support services - other	19,364	(8,309)	21,396	(1,708,669)	6,599	(1,094,408)
Central services	4,092,560	(2,195,903)	3,221,046	(5,861,534)	3,103,937	(4,558,451)
Operations & maintenance of plant	13,097,056	(5,724,567)	11,069,043	(499,298)	12,928,582	(156,250)
Student transportation	3,897,980	(2,047,908)	2,695,158	(11,350)	2,446,368	(2,327)
Food services	4,323,832	(2,082,370)	3,515,560	(3,441,304)	3,783,322	188,274
Community services	762,588	(431,170)	619,390	(328,568)	584,588	(206,118)
Bond interest paid	1,129,465	(1,129,465)	1,121,895	(1,121,895)	1,183,160	(1,183,160)
Refunds	-	-	-	-	56,890	(56,890)
Total	\$ 106,129,199	(54,046,864)	100,735,997	(52,704,500)	87,574,396	(22,056,492)

The cost of all governmental activities this year was \$106.1 million.

- Federal and State governments and charges for services subsidized certain programs with grants and contributions and other local revenues of \$52.1 million.
- Net cost of governmental activities of \$54 million was financed by general revenues, which are made up of primarily of State Equalization Guarantee revenues of \$26.1 million and property taxes of \$7.7 million.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflow, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$29.2 million, a slight decrease of \$200 thousand.

The General Fund comprises 27% of the total fund balance. Approximately \$7.8 million, or 98 %, of the General Fund's fund balance is unassigned.

The General Fund is the principal operating fund of the District. Fund balance decreased \$3.4 million to \$8 million as of fiscal year end. General Fund revenues slightly increased \$140 thousand as a result of a negligible increase in intergovernmental revenues. General Fund expenditures increased \$4.0 million. This was a result of increases in the instruction, student support services, operation & maintenance of plant and other student support services expenditure functions.

The Impact Aid Indian Education Fund #25147 reported a fund balance increase of \$1.1 million to end the year with a balance of \$5.3 million. The increase can be attributed to the receipt of prior year Impact Aid revenues in the current year.

**STATE OF NEW MEXICO
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Management Discussion and Analysis
For the Year Ended June 30, 2019**

The Debt Service Fund #41000 reported an increase in fund balance of \$489,960 to end the year with a balance of \$5 million. The increase can be attributed to property tax revenues exceeding bonded debt expenditure requirements for the year.

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the General Fund annual expenditure budget. The difference between the original budget and the final amended budget was a \$358,676 decrease, or 3%.

A schedule showing the original and final budget amounts compared to the District’s actual financial activity for the General Fund is provided in this report as a basic financial statement on page 18. The significant variances are summarized as follows:

- The favorable variance of \$4,361,614 in intergovernmental – federal grants was a result of the receipt of previous years Impact Aid in the current year.
- The favorable variance of \$1,160,203 in instruction expenditures can be attributed to conservative spending and unfilled positions.
- The favorable variance of \$1,757,682 in operation & maintenance expenditures can be attributed to conservative spending.

Capital Assets. At year end, the District had invested \$331.1 million in capital assets, including school building, athletic facilities, buses and other vehicles, and equipment. The amount represents a net increase prior to depreciation of \$5.3 million from the prior fiscal year, primarily due to HVAC and roofing upgrade projects being done at various sites throughout the District. Total depreciation expense for the current fiscal year was \$8.3 million.

The following schedule presents a summary of capital asset balances for the fiscal years ended June 30, 2019, June 30, 2018, and June 30, 2017.

	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017
Capital assets - non-depreciable \$	970,813	6,639,058	1,875,162
Capital assets - depreciable	330,141,927	319,157,481	315,365,900
Accumulated depreciation	(139,342,823)	(131,029,953)	(123,034,430)
Total capital assets, net \$	191,769,917	194,766,586	194,206,632

Additional information on the District’s capital assets can be found in Note 9.

Debt Administration. At year end, the District had \$36.5 million in long-term debt outstanding, \$4.5 million due within one year. Long-term debt decreased by \$4 million due primarily to payments made to retire bonded debt.

Article IX, Section 11 of the New Mexico Constitution limits the powers of a school district to incur general obligation debt beyond a school year. The School District can incur such debt for the purpose of erecting, remodeling, making additions, and furnishing buildings or purchasing or improving school grounds, or purchasing computer software or hardware for student use in public classrooms, or any combination of these purposes. The approval of the debt is subject to a vote of the local electors and may not exceed 6% of the assessed valuation of the taxable property within the school district.

Additional information on the District’s long-term debt can be found in Note 10.

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS
Management Discussion and Analysis
For the Year Ended June 30, 2019**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

Many factors were considered by the District's administration during the process of developing the fiscal year 2019-20 budget. Among them:

- State mandated 3% raises across all positions.
- Decline in student enrollment.
- Increases in health and medical, property & liability premiums.
- Increases in utility costs.
- The District's commitments to retaining a consistent cash balance in response to minimal bonding capacity and reduced oil & gas revenue.
- The age of District facilities and the impact on maintenance cost.
- Teacher Union negotiated stipends.

Also Considered in the development of the budget is the local economy and inflation of the surrounding area.

Budgeted expenditures in the General Fund increased 6% to \$68.5 million in fiscal year 2019-20. Intergovernmental revenues and property taxes are expected to be the primary funding sources. No new programs were added to the 2019-20 budget.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have any questions about this report or need additional information, contact the Business and Finance Department, Central Consolidated Schools, P.O. Box 1199, Highway 64, Old High School Road. Shiprock, New Mexico, 87420.

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS DISTRICT No. 22
Statement of Net Position
June 30, 2019

	<u>Governmental Activities</u>
Assets	
Current assets	
Cash and cash equivalents	\$ 25,917,286
Receivables:	
Property taxes	166,281
Due from other governments	3,781,255
Inventory	290,835
Total current assets	<u>30,155,657</u>
Noncurrent assets	
Restricted cash	786,511
Non-depreciable assets	970,813
Depreciable assets	330,141,927
Less: accumulated depreciation	<u>(139,342,823)</u>
Total noncurrent assets	<u>192,556,428</u>
Total assets	<u>222,712,085</u>
Deferred Outflows of Resources	
Deferred outflows - pension	40,565,977
Deferred outflows - OPEB	801,659
Total deferred outflows of resources	<u>41,367,636</u>
Total assets and deferred outflows of resources	<u>\$ 264,079,721</u>
Liabilities	
Current liabilities	
Accounts payable	\$ 79,473
Accrued payroll liabilities	1,498,688
Deposits held for others	53,415
Accrued interest payable	464,594
Current portion of compensated absences	509,800
Current portion of long-term debt	4,075,048
Total current liabilities	<u>6,681,018</u>
Noncurrent liabilities	
Net pension liability	163,864,919
Net OPEB liability	39,235,205
Long-term debt	32,886,854
Total noncurrent liabilities	<u>235,986,978</u>
Total liabilities	<u>242,667,996</u>
Deferred Inflows of Resources	
Deferred inflows - pension	5,557,309
Deferred inflows - OPEB	11,388,109
Gain on advance bond refunding	4,335
Total deferred inflows of resources	<u>16,949,753</u>
Net Position	
Net investment in capital assets	155,594,526
Restricted for:	
Debt service	5,075,105
Capital projects	4,331,972
Special revenue	12,037,282
Unrestricted	<u>(172,576,913)</u>
Total net position	<u>4,461,972</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 264,079,721</u>

SEE INDEPENDENT AUDITOR'S REPORT
The notes to the financial statements are an integral part of these statements.

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS DISTRICT No. 22
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
<i>Governmental activities:</i>					
Instruction	\$ 56,035,381	697,371	24,715,017	2,589,681	(28,033,312)
Support services:					
Students	10,044,508	-	4,696,522	-	(5,347,986)
Instruction	4,743,822	-	2,056,460	-	(2,687,362)
General administration	1,960,590	-	1,007,406	-	(953,184)
School administration	6,022,053	-	2,616,725	-	(3,405,328)
Other support services	19,364	-	11,055	-	(8,309)
Central Services	4,092,560	-	1,896,657	-	(2,195,903)
Operation and maintenance of plant	13,097,056	609,178	6,763,311	-	(5,724,567)
Student transportation	3,897,980	-	1,850,072	-	(2,047,908)
Food services operation	4,323,832	83,895	2,157,567	-	(2,082,370)
Community services	762,588	-	331,418	-	(431,170)
Bond interest paid	1,129,465	-	-	-	(1,129,465)
Total primary government	\$ 106,129,199	1,390,444	48,102,210	2,589,681	(54,046,864)

General Revenues:

Taxes

Property taxes, levied for general purposes	\$ 409,623
Property taxes, levied for debt service	5,602,119
Property taxes, levied for capital projects	1,643,718
Oil and gas taxes	19,371
State Equalization Guarantee	26,113,154
Investment income	55,778
Miscellaneous income	408,934
Total general revenues	34,252,697

Change in net position	(19,794,167)
Net position, beginning	24,256,139
Net position, ending	\$ 4,461,972

SEE INDEPENDENT AUDITOR'S REPORT
The notes to the financial statements are an integral part of these statements.

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS DISTRICT No. 22
Balance Sheet
Governmental Funds
June 30, 2019

	General Fund	Food Service Fund 21000	Impact Aid Indian Education Fund 25147	Debt Service Fund 41000	Other Governmental Funds	Total Governmental Funds
<i>Assets</i>						
Cash and investments	\$ 6,329,956	2,856,809	5,353,220	4,149,680	7,227,621	25,917,286
Restricted cash	-	-	-	786,511	-	786,511
Receivables:						
Property taxes	8,540	-	-	122,078	35,663	166,281
Due from other governments	-	527,864	-	16,836	3,236,559	3,781,259
Due from other funds	2,901,824	-	-	-	-	2,901,824
Inventory	186,600	104,234	-	-	-	290,834
<i>Total assets</i>	<u>9,426,920</u>	<u>3,488,907</u>	<u>5,353,220</u>	<u>5,075,105</u>	<u>10,499,843</u>	<u>33,843,995</u>
<i>Liabilities, Deferred Inflows of Resources, and Fund Balances</i>						
<i>Liabilities</i>						
Accounts payable	\$ 49,648	1,319	22,887	-	5,626	79,480
Accrued payroll liabilities	1,340,762	26,246	20,575	-	111,104	1,498,687
Other liabilities	-	-	-	-	-	-
Deposits held for others	53,415	-	-	-	-	53,415
Unearned revenue	-	-	-	-	-	-
Due to other funds	-	-	-	-	2,901,824	2,901,824
<i>Total liabilities</i>	<u>1,443,825</u>	<u>27,565</u>	<u>43,462</u>	<u>-</u>	<u>3,018,554</u>	<u>4,533,406</u>
<i>Deferred inflows of resources</i>						
Deferred inflows - property taxes	6,029	-	-	87,630	25,568	119,227
<i>Total deferred inflows of resources</i>	<u>6,029</u>	<u>-</u>	<u>-</u>	<u>87,630</u>	<u>25,568</u>	<u>119,227</u>
<i>Fund balances</i>						
Nonspendable	186,600	104,234	-	-	-	290,834
Restricted for:						
Special revenue funds	-	3,357,108	5,309,758	-	3,370,416	12,037,282
Capital projects	-	-	-	-	4,306,404	4,306,404
Debt service fund	-	-	-	4,987,475	-	4,987,475
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	7,790,466	-	-	-	(221,099)	7,569,367
<i>Total fund balances</i>	<u>7,977,066</u>	<u>3,461,342</u>	<u>5,309,758</u>	<u>4,987,475</u>	<u>7,455,721</u>	<u>29,191,362</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 9,426,920</u>	<u>3,488,907</u>	<u>5,353,220</u>	<u>5,075,105</u>	<u>10,499,843</u>	<u>33,843,995</u>

SEE INDEPENDENT AUDITOR'S REPORT
The notes to the financial statements are an integral part of these statements.

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS DISTRICT No. 22
Reconciliation of the Governmental Balance Sheet to the Statement of Net Position
June 30, 2019

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

Fund balances - total governmental funds	\$	29,191,362
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds		191,769,917
Revenues not collected within sixty days after year end are considered "available" revenues and are considered to be "unavailable" revenues in the fund financial statements, but are considered revenue in the Statement of Activities:		
Property taxes		119,227
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in funds:		
Deferred outflow related to pension		40,565,977
Deferred outflow related to OPEB		801,659
Deferred inflow related to pension		(5,557,309)
Deferred inflow related to OPEB		(11,388,109)
Gain on advanced bond refunding		(4,335)
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet:		
Accrued interest payable		(464,594)
Bonds payable		(35,984,973)
Compensated absences		(509,800)
Bond premium, net		(976,929)
Net pension liability		(163,864,919)
Net OPEB liability		(39,235,205)
Rounding		3
Net position - governmental activities	\$	<u><u>4,461,972</u></u>

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS DISTRICT No. 22
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	General Fund	Food Service Fund 21000	Impact Aid Indian Education 25147	Debt Service 41000	Other Governmental Funds	Total Governmental Funds
<i>Revenues:</i>						
Property taxes	\$ 411,324	-	-	5,625,089	1,650,457	7,686,870
Oil and gas taxes	911	-	-	14,274	4,186	19,371
Intergovernmental- federal grants	24,176,548	3,930,902	6,044,130	-	9,867,971	44,019,551
Integovernmental - state grants	28,571,842	-	-	-	3,661,566	32,233,408
Contributions- private grants	26,417	-	-	-	95,603	122,020
Indirect cost recovery	430,067	-	-	-	-	430,067
Charges for services	609,403	83,895	-	-	697,146	1,390,444
Investment income	43,281	-	-	12,496	-	55,777
Miscellaneous	375,119	-	-	-	33,815	408,934
<i>Total revenues</i>	<u>54,644,912</u>	<u>4,014,797</u>	<u>6,044,130</u>	<u>5,651,859</u>	<u>16,010,744</u>	<u>86,366,442</u>
<i>Expenditures:</i>						
<i>Current:</i>						
Instruction	\$ 31,776,705	-	911,071	-	5,739,402	38,427,178
<i>Support services:</i>						
Students	5,467,992	-	-	-	2,088,377	7,556,369
Instruction	1,463,908	-	513,983	-	1,341,534	3,319,425
General administration	1,117,778	-	57,495	57,316	401,747	1,634,336
School administration	4,183,152	-	-	-	23,895	4,207,047
Central services	2,559,335	-	408,170	-	77,948	3,045,453
Operation & maintenance of plant	8,206,890	-	2,388,184	-	292,090	10,887,164
Student transportation	2,773,654	-	-	-	226,307	2,999,961
Other support operations	17,579	-	-	-	-	17,579
Food services operations	-	3,429,521	-	-	44,620	3,474,141
Community services	94,620	-	207,959	-	225,869	528,448
Capital outlay	356,111	186,657	411,937	-	4,416,373	5,371,078
<i>Debt service:</i>						
Principal	-	-	-	3,921,636	-	3,921,636
Interest	-	-	-	1,173,947	-	1,173,947
Bond issuance costs	-	-	-	-	-	-
<i>Total expenditures</i>	<u>58,017,724</u>	<u>3,616,178</u>	<u>4,898,799</u>	<u>5,152,899</u>	<u>14,878,162</u>	<u>86,563,762</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(3,372,812)</u>	<u>398,619</u>	<u>1,145,331</u>	<u>498,960</u>	<u>1,132,582</u>	<u>(197,320)</u>
<i>Other financing sources (uses)</i>						
Transfers in	-	-	-	-	574,793	574,793
Transfers out	-	-	-	-	(574,793)	(574,793)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>(3,372,812)</u>	<u>398,619</u>	<u>1,145,331</u>	<u>498,960</u>	<u>1,132,582</u>	<u>(197,320)</u>
<i>Fund balance, - beginning</i>	<u>11,349,878</u>	<u>3,062,723</u>	<u>4,164,427</u>	<u>4,488,515</u>	<u>6,323,139</u>	<u>29,388,682</u>
<i>Fund balance - ending</i>	<u>\$ 7,977,066</u>	<u>3,461,342</u>	<u>5,309,758</u>	<u>4,987,475</u>	<u>7,455,721</u>	<u>29,191,362</u>

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS DISTRICT No. 22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2019**

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

Net change in fund balances - total governmental funds	\$	(197,320)
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital outlay		5,371,078
Loss on disposition of assets		(54,874)
Depreciation expense		(8,312,870)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:		
Deferred property taxes at:		
June 30, 2018		(150,637)
June 30, 2019		119,227
Governmental funds report District pension and OPEB contributions as expenditures. However in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension expense:		
District pension contributions subsequent to the measurement date		5,620,348
District OPEB contributions subsequent to the measurement date		801,659
Net pension expense		(27,446,386)
Net OPEB income (expense)		317,096
Expenses in the Statement of Activities that do not consume current financial resources are not reported as expenditures in the funds:		
Compensated absences at :		
June 30, 2018		559,958
June 30, 2019		(509,800)
Accrued interest at:		
June 30, 2018		509,076
June 30, 2019		(464,594)
The issuance of long-term debt (e.g. bonds, notes, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:		
Debt service principal payments		3,921,636
Amortization of bond premium		117,900
Amortization of deferred gain on bond refunding		4,335
Rounding		1
Change in net position - governmental activities	\$	<u>(19,794,167)</u>

SEE INDEPENDENT AUDITOR'S REPORT
The notes to the financial statements are an integral part of these statements.

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS DISTRICT No. 22
General Fund – 11000, 12000, 13000, 14000
Statement of Revenues, Expenditures, and
Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary)	Variance with Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ 388,595	388,595	410,754	22,159
Oil and gas taxes	500	500	1,046	546
Intergovernmental- federal grants	20,000,000	20,000,000	24,606,615	4,606,615
Integovernmental - state grants	28,574,097	28,586,054	28,571,842	(14,212)
Contributions- private grants	7,500	7,500	26,417	18,917
Charges for services	425,464	425,464	609,403	183,939
Investment income	35,000	35,000	43,281	8,281
Miscellaneous	645,759	645,759	375,119	(270,640)
<i>Total revenues</i>	<u>50,076,915</u>	<u>50,088,872</u>	<u>54,644,477</u>	<u>4,555,605</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	\$ 31,294,095	32,923,543	31,635,846	1,287,697
<i>Support services:</i>				
Students	6,851,072	6,522,072	5,407,544	1,114,528
Instruction	1,753,434	1,806,434	1,451,346	355,088
General administration	1,618,562	1,435,562	1,119,267	316,295
School administration	4,804,457	4,700,557	4,174,190	526,367
Central services	3,020,810	3,012,027	2,533,866	478,161
Operation & maintenance of plant	10,281,286	10,485,569	8,361,544	2,124,025
Student transportation	3,275,465	3,126,806	2,741,608	385,198
Other support operations	437,766	237,766	17,428	220,338
Community services	542,449	342,449	94,620	247,829
<i>Total expenditures</i>	<u>63,879,396</u>	<u>64,592,785</u>	<u>57,537,259</u>	<u>7,055,526</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(13,802,481)	(14,503,913)	(2,892,782)	11,611,131
Budgeted cash carryover	13,802,481	14,503,913	-	(14,503,913)
<i>Fund balance at beginning of year</i>	-	-	11,349,878	11,349,878
<i>Fund balance at end of year</i>	\$ -	-	8,457,096	<u>8,457,096</u>
<i>RECONCILIATION FROM BUDGET/ACTUAL TO GAAP</i>				
Change in inventory			(70,539)	
Change in property tax receivable			(71)	
Change in due from other governments			(1,194)	
Change in payables			85,270	
Change in accrued liabilities			(494,002)	
Change in deferred property taxes			506	
Fund balance at end of year (GAAP basis)			<u>\$ 7,977,066</u>	

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS DISTRICT No. 22
Food Service Fund - 21000
Statement of Revenues, Expenditures, and
Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget		
<i>Revenues:</i>				
Intergovernmental- federal grants	\$ 3,000,000	3,000,000	3,930,902	930,902
Charges for services	50,000	50,000	83,895	33,895
<i>Total revenues</i>	<u>3,050,000</u>	<u>3,050,000</u>	<u>4,014,797</u>	<u>964,797</u>
<i>Expenditures:</i>				
Current:				
Food services operations	\$ 5,084,296	5,084,296	3,308,460	1,775,836
<i>Total expenditures</i>	<u>5,084,296</u>	<u>5,084,296</u>	<u>3,308,460</u>	<u>1,775,836</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(2,034,296)	(2,034,296)	706,337	2,740,633
Budgeted cash carryover	2,034,296	2,034,296	-	(2,034,296)
<i>Fund balance at beginning of year</i>	-	-	<u>3,062,723</u>	<u>3,062,723</u>
<i>Fund balance at end of year</i>	\$ -	-	3,769,060	<u><u>3,769,060</u></u>
<i>RECONCILIATION FROM BUDGET/ACTUAL TO GAAP</i>				
Change in inventory			(307,144)	
Change in payables			<u>(574)</u>	
Fund balance at end of year (GAAP basis)			\$ <u><u>3,461,342</u></u>	

SEE INDEPENDENT AUDITOR'S REPORT
The notes to the financial statements are an integral part of these statements.

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS DISTRICT No. 22
Impact Aid Indian Education Fund - 25147
Statement of Revenues, Expenditures, and
Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary)	Variance with Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget		
<i>Revenues:</i>				
Intergovernmental- federal grants	\$ 4,350,238	4,350,238	6,044,130	1,693,892
<i>Total revenues</i>	<u>4,350,238</u>	<u>4,350,238</u>	<u>6,044,130</u>	<u>1,693,892</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	\$ 950,800	950,800	911,071	39,729
<i>Support services:</i>				
Instruction	801,137	1,312,237	513,983	798,254
General administration	128,995	128,995	57,495	71,500
Central services	1,732,663	1,221,563	425,998	795,565
Operation & maintenance of plant	2,949,363	4,374,263	2,575,638	1,798,625
Community services	192,350	393,454	207,959	185,495
Capital outlay	1,966,854	340,850	267,238	73,612
<i>Total expenditures</i>	<u>8,722,162</u>	<u>8,722,162</u>	<u>4,959,382</u>	<u>3,762,780</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(4,371,924)	(4,371,924)	1,084,748	5,456,672
Budgeted cash carryover	4,371,924	4,371,924	-	(4,371,924)
<i>Fund balance at beginning of year</i>	-	-	<u>4,164,427</u>	<u>4,164,427</u>
<i>Fund balance at end of year</i>	\$ -	-	5,249,175	<u><u>5,249,175</u></u>
<i>RECONCILIATION FROM BUDGET/ACTUAL TO GAAP</i>				
Change in payables			60,583	
Fund balance at end of year (GAAP basis)			<u>\$ 5,309,758</u>	

SEE INDEPENDENT AUDITOR'S REPORT
The notes to the financial statements are an integral part of these statements.

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS DISTRICT No. 22
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2019

ASSETS

Cash and cash equivalents	\$ 898,296
<i>Total assets</i>	<u>\$ 898,296</u>

LIABILITIES

Deposits held in trust for others	\$ 898,296
<i>Total liabilities</i>	<u>\$ 898,296</u>

SEE INDEPENDENT AUDITOR'S REPORT
The notes to the financial statements are an integral part of these statements.

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Notes to the Financial Statements
June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

Central Consolidated Schools (District) is a special purpose government corporation governed by an elected five-member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public-school education in the Towns of Shiprock, Kirtland, Newcomb, Naschitti, and Ojo Amarillo, New Mexico and the surrounding areas. The District is responsible for all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding sources.

The District's financial statements include all entities over which the Board of Education exercises oversight responsibility. Oversight responsibility includes such aspects as appointment of governing body members, designation of management, the ability to significantly influence operations, and accountability for fiscal matters. Based upon the application of these criteria, no component units or fiduciary units were included in the financial statements.

Generally Accepted Accounting Principles (GAAP) requires that financial statements present the District (primary government) and its component units. The District has no component units that are required to be presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and GASB Statements No. 39, *Determining Whether Certain Organizations Are Component Units*, and amendment of GASB Statement No. 14, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*.

1. Blended Component Units

The District does not have any component units reported as blended component units.

2. Discretely Presented Component Units

The District does not have any component units reported as discretely presented component units.

The summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of Central Consolidated School's management who is responsible for their integrity and objectivity. The financial statements of the District conform to GAAP as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

B. Implementation of New Accounting Principles

During the fiscal year 2019, the District adopted the following Governmental Accounting Standards Board (GASB) Statements:

➤ **GASB Statement No. 83, *Certain Asset Retirement Obligations* -**

Effective Date: The provisions in Statement 83 are effective for fiscal years beginning after June 15, 2018

This statement addresses the accounting and financial reporting for certain asset retirement obligations (ARO). A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

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Notes to the Financial Statements
June 30, 2019

➤ **GASB Statement No. 85, *Omnibus 2018* -**

Effective Date: The provisions in Statement 85 are effective for fiscal years beginning after June 15, 2018

This Statement addresses a variety of topics related to practice issues identified during the implementation and application of certain GASB Statements, such as blending component units, goodwill, fair value measurement and application, and postemployment benefits.

➤ **GASB Statement No. 86, *Certain Debt Extinguishment Issues* -**

Effective Date: The provisions in Statement 86 are effective for fiscal years beginning after June 15, 2018

The primary objective of this Statement is to improve accounting and financial reporting for in-substance defeasance of debt.

➤ **GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*-**

Effective Date: The provisions in Statement 88 are effective for fiscal years beginning after June 15, 2018

The primary objective of this Statement is to improve the information that is disclosed in the notes to government financial statements related to debt, including direct borrowings and direct placements.

C. Government-Wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The District does not have any enterprise funds.

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital gains and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

The District reports all direct expenses by function in that statement of activities. Direct expenses are those that are clearly identifiable with a function. The District does not currently employ indirect cost

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Notes to the Financial Statements
June 30, 2019

allocation systems. Depreciate expense is specifically identified by function and is included in the direct expense of each function, except for that portion of depreciation that is identified as unallocated on the statement of activities.

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. Revenues received during the year but are applicable to subsequent years are reported as deferred inflows of resources. 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. Expenditures incurred during the year that are for the benefit of subsequent years are reported as deferred outflows of resources.

Interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available on when cash is received by the government.

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

General Fund – The general fund is the government's primary operating fund. It accounts for all financial resources, except those required to be accounted for in another fund.

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

Debt Service Funds are used to account for the payment of principal and interest on long-term debt. Debt service revenues are from taxes and other operating revenues, some of which are pledged specifically to repay certain outstanding bond issues.

Capital Projects Funds are used account for financial resources to be used for the acquisition or construction of major capital facilities.

GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis* requires the District, to present major governmental funds as major funds. In addition to the General Fund, the District, reports the following major governmental funds:

➤ SPECIAL REVENUE FUNDS

Food Service Fund (Fund No. 21000): Minimum Balance: None

This program provides financing for the national District breakfast and lunch program. Funding is provided from fees from patron and USDA food reimbursements, under the National District Lunch Act of 1946, as amended, Public Law 79-396, Sections 2-4, 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 sat. 886, 889, 42 U.S.C 1773; Public Law 99-591, 100 stat. 3341; Public Law 100-71, 101 stat. 430.

Indian Education (Fund No. 25147): Minimum Balance: None

To provide financial assistance to local educational agencies (LEA's) where enrollments or availability of revenue are adversely affected by Federal activities, i.e. where the tax base of a district is reduced through the Federal acquisition of real property (Section 2) where there is a significant number of children who reside on Federal (including Indian) land and/or children whose parents are employed on Federal property or in the Uniformed Services (Section 3(a) and 3(b); where there is a significant decrease (Section 3(c)) or a sudden and substantial increase (Section 4) in school enrollment as the result of Federal activities; to provide disaster assistance

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for reduced or increased operating costs (Section 7(a)), for replacing or repairing damaged or destroyed supplies, equipment, and books, and for repairing minor damage to facilities. Finding authorized by Public Law 81-874.

➤ **DEBT SERVICE FUNDS**

Debt Service Fund (Fund No. 41000): Minimum Balance: None

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Additionally, the government reports the following fund types:

Fiduciary Funds are agency funds used to account for financial resources used by the student activity groups for which the District has stewardship.

D. Assets, Liabilities, and Net Position or Equity

1. *Deposits and Investments*

The government'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 investment of the District's funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, and money market accounts. The District is also allowed to invest in United States Government obligations. All funds for the District, must follow the above investment policies.

Deposits of funds may be made in interest or non-interest-bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond given by the financial institution.

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

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

2. *Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due from/to other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due from/to other funds".

The District's property taxes are levied each year on the assessed valuation of property located in the School District as of the preceding January 1st. Mill levy rates are set by the State of New Mexico each year for the General Fund, Capital Improvements SB – 9 Fund, and Debt Service Fund. Taxes are payable in two equal installments on November 10th and April 10th following the levy and become delinquent after thirty days.

Under GASB Statement 33, property taxes are impressed non-exchange revenue. Assets from impressed non-exchange transactions are reported when the District, has an enforceable legal claim to the asset. The enforceable legal claim date for property taxes is the assessment date. Taxes are payable in two equal installments on November 10th and April 10th following the levy and become delinquent after thirty days. Therefore, the District, has recorded a delinquent tax receivable and

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revenue for taxes received within the sixty days following year-end. A receivable and deferred revenue have been recorded for uncollected delinquent taxes. On the government-wide financial statements, the District, has recorded delinquent property taxed receivable and revenue for taxes assessed as of year-end that have not been collected, as prescribe in GASB 34. An allowance for refunds and uncollectible amounts has not been recorded.

3. Inventories

Supply inventories are valued at cost and consist of educational supplies, purchased and donated commodities. Donated inventories, received at no cost under a program supported by the Federal Government, are recorded at the lower of their estimated fair market value at the date of receipt or current market value.

The food commodities received from the Federal Government (passed through from the State) are recorded as revenues and expenditures as they are consumed. Quantities on hand at year-end are recorded as inventory with an offsetting credit to revenue.

The consumption method is used to report inventories. Purchased inventories are classified as expenditures at the time individual inventory items are used. Reported inventories are classified as non-spendable fund balance which indicates that they do not constitute available expendable resources.

4. Capital Assets

Capital assets, which include property and equipment are defined by defined by the Board as assets with an initial, individual cost of more than \$5,000 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. 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). Donated capital assets are recorded at estimated fair market value at date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Software costs have been included with the cost of computer equipment and are capitalized with that equipment. The District does not develop software for internal use or any other use.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest on construction projects has not been capitalized.

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

<u>Asset Type</u>	<u>Years</u>
Buildings	40 - 50
Building improvements	20
Land improvements	10 - 20
Vehicles	7
Office equipment	5
Computer equipment	3 - 5

5. Compensated absences

It is the District's policy to permit employees to accumulated thirty-six days of earned but unused vacation, which will be paid to employees upon retirement for the District's service. The amount for liability has been reported in the government-wide financial statements.

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Accumulated sick leave is not payable upon termination and is recorded as expenditures when it is paid.

6. *Long-term Obligations*

In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, 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.

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 capital projects expenditures.

7. *Pensions*

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

8. *Postemployment Benefits Other Than Pensions (OPEB)*

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

9. *Deferred Outflows/Inflows of Resources*

Both deferred inflows and outflows are reported in the Statement of Net Position but are not recognized in the financial statements as revenues, expenses, and reduction of liabilities or increase in assets until the period(s) to which they relate.

In addition to assets, the District, reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position/fund balance that applies to future periods and will not be recognized as an expenditure until that time.

The District also reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position/fund balance that applies to future periods and so will not be recognized as a revenue until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources.

The District reports deferred outflows of resources for pension-related amounts for the District's share of the difference between projected and actual earnings, for the District's share of the difference between contributions to the individual plans and the proportionate share of the contributions, and for changes of assumptions or other inputs.

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The District reports deferred inflows of resources for pension-related amounts in the government-wide financial statements or the District's share of the difference between expected and actual experience and for the District's share of the difference between contributions to the individual plans and the proportional share of the contributions.

Under the modified accrual basis of accounting, revenue and other fund financial resources are recognized in the period in which they become both measurable and available. Assets recorded in the fund financial statements for which the revenues are not available are reported as a deferred inflow of resources. Deferred inflows of resources are also comprised of property tax and long-term receivables that are unavailable in the fund statements

10. Fund Balance

a. Non-Spendable

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

b. Restricted

Fund balance is reported as restricted when constraints placed on the use of resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

c. Committed

Amounts that can only be used for specific purposes pursuant to constraints imposed by the formal action of the District's Board of Education should be reported as committed fund balance. The committed amounts cannot be used for any other purpose unless the District's Board of Education removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District did not have committed fund balances for the year ended June 30, 2019.

d. Assigned

Assigned fund balance includes (a) all remaining amounts, except for negative balances, that are reported in governmental funds, other than the general fund, that are not classified as non-spendable and are neither restricted nor committed and amounts in the general fund that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. Intent, and removed of, is expressed by the Board of Education or the Finance Committee. The District did not have assigned fund balances for the year ended June 30, 2019.

e. Unassigned

The remaining fund balance, after all other classifications, within the general fund is reported as unassigned fund balance. 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. In governmental funds other than the general fund, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, a negative fund balance will be reported as unassigned fund balance.

When committed, assigned, and unassigned resources are available for use, it is the District's policy to use committed first followed by assigned and unassigned resources as they are needed.

11. Net Position

Net Position is presented on the Statement of Net Position and may be presented in any of three components.

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CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Notes to the Financial Statements
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- a. Net Involvement in Capital Assets
This component of Net Position consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. That portion of the debt is included in restricted for capital projects.
- b. Restricted Net Position
Net Position is reported as being restricted when the restriction is either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Enabling legislation 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.
- c. Unrestricted Net Position
Unrestricted Net Position consists of Net Position that does not meet the definition of “net investment in capital assets” or “restricted”.

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

In the governmental environment, Net Position often is designated to indicate that management does not consider them to be available for general operations. In contrast to restricted Net Position, these types of constraints on resources are internal and management can remove or modify them. However, enabling legislation established by the reporting government should not be construed as an internal constraint.

12. Indirect Costs

The District’s General Fund receives indirect cost reimbursements from the various federal programs it administers. These reimbursements are for expenses incurred in performing administrative functions on behalf of the Special Revenue Funds. They are shown as expenditures in the Special Revenue Funds, and as other special federal revenue in the General Fund.

13. 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.

14. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund from expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

15. Revenues

State Equalization Guarantee: School districts in the State of New Mexico receive a ‘state equalization guarantee distribution’ which is defined as “that amount of money distributed to each school district to ensure that the school district’s operating revenue, including its local and federal

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revenues as defined (in Chapter 22, Section 825, NMSA 1978) is at least equal to the school district's program cost.

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 Schools received \$26,113,154 in state equalization guarantee distributions during the year ended June 30, 2019.

Transportation Distribution: School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$2,253,039 in transportation distributions during the year ended June 30, 2019.

Instructional Materials: The New Mexico Public Education Department (PED) receives federal material leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the purchase of materials listed in the PED "Multiple" list, while fifty percent of each allocation is available for purchases directly from vendors or transfer to the textbook funds from year to year. The District received \$192,904 in instructional materials distributions during the year ended June 30, 2019.

16. Tax-Abatements

Governmental Accounting Standards Board Statement No. 77 requires the District, to disclose information on certain tax abatement agreements effecting the District. Accordingly, the District, did not have any tax abatements effecting the District, during the year ended June 30, 2019.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Budgets for the General, Special Revenue, Capital Projects, and Debt Service 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) budgetary basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. The budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year. Such appropriated balance is legally restricted and is therefore presented as a designated portion of the fund balance.

Actual expenditures may not exceed the budget on a line item basis, i.e., each budgeted expenditure must be within budgeted amounts. 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 Board of Education Department 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 been approved by the Department of Education.

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2. In May or June, the budget is approved by the Board of Education.
3. The school board meeting, while not intended for the general public, 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 revision that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Department of Education. Budgetary control is at the function level; over-expenditure of a function is not allowed per NMAC 6.20.2.9.A.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.
6. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for Budget purposes.

The accompanying Statements of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual present comparisons of the legally adopted budget with actual data on a budgetary basis.

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity, and timing differences in excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2019, is presented with each fund's Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis).

The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. The appropriated budget for the year ended June 30, 2019 was properly amended by the Board through the year. New Mexico state law prohibits a Governmental Agency to exceed and individual line item These amendments resulted in the following changes:

	Original	Final
Major Funds:		
General Fund	\$ 63,879,396	64,592,785
Special Revenue Funds:		
Food Services	5,084,296	5,084,296
Impact Aid Indian Education	8,722,162	8,722,162
Debt Service Fund	8,511,039	8,511,039
Nonmajor Funds:		
Special Revenue Funds	10,992,767	13,901,269
Capital Projects Funds	4,347,578	6,424,935
Total Budget	\$ 101,537,238	107,236,486

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NOTE 3 – DEPOSITS AND INVESTMENTS

At June 30, 2019, the carrying amount of the District’s deposits was \$27,602,093 and the bank balance was \$30,589,945 with the difference consisting of outstanding checks.

	Balance
Financial institution	
Wells Fargo Bank	\$ 28,943,539
Bank of the Southwest	859,895
State Agencies	
New Mexico Finance Authority	786,511
Less:	
Agency Cash	(898,296)
Restricted Cash	(786,511)
Net reconciling items	(2,987,852)
Total cash and equivalents	\$ 25,917,286

Of the total cash and cash equivalents balance, \$500,000 was covered by federal depository insurance and \$18,537,882 was covered by collateral held in joint safekeeping by a third party.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of bank failure, the District’s deposits may not be returned to it. New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt to be issued, to the District, for at least one half of the amount on deposit with the institution. The District does not have a deposit policy for custodial credit risk, other than the following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). The statement listed below will meet the State of New Mexico Office of the State Auditor’s requirement in reporting the uninsured portion of the deposits. As of June 30, 2019, \$11,552,063 of the District’s bank deposits was exposed to custodial risk as follows:

	Wells Fargo Bank	Bank of the Southwest	New Mexico Finance Authority	Total
Bank Deposits:				
Uninsured and uncollateralized	\$ 11,292,168	259,895	-	11,552,063
Uninsured and collateralized by securities pledged by institutions or by its trust department or agent in other than the District’s name	17,401,371	350,000	786,511	18,537,882
Total uninsured	28,693,539	609,895	786,511	30,089,945
Insured deposits by FDIC	250,000	250,000	-	500,000
Total Deposits	28,943,539	859,895	786,511	30,589,945
State of New Mexico Collateral Requirement:				
50% of uninsured public fund bank	14,346,770	304,948	393,256	15,044,973
Pledged securities	17,401,371	350,000	786,511	18,537,882
Over (Under) collateralized	\$ 3,054,602	45,053	393,256	3,492,910

The collateral pledged is listed on Schedule of Pledged Collateral in the Other Supplemental Information section of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district, or political subdivision of the State of New Mexico. According to the Federal Deposit Insurance Authority, public unit deposits are fund owned by the District. Time deposits, savings deposits and interest bearing “Now” accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

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NOTE 4 – INVENTORIES

Components of inventory balances are as follows:

Maintenance and operational supplies	\$	129,898
Food items		104,234
Fuel		56,702
Total	\$	290,834

NOTE 5 – ACCRUED EXPENSES

Accrued expenses at June 30, 2019 consist of:

Salaries payable	\$	494,002
Employee payroll benefits and taxes payable		1,004,685
Total	\$	1,498,687

NOTE 6 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred outflows/inflows of resources at June 30, 2019 consist of:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Pension - Educational Retirement Plan	\$ 40,565,977	5,557,309
OPEB - Retiree Health Care	801,659	11,388,109
Deferred gain on bond refunding	-	4,335
Statement of net position	\$ 41,367,636	16,949,753

NOTE 7 – RECEIVABLES

Accounts receivable are recorded in the various governmental funds. They consist of amounts receivable from local governments relating to various grant agreements and property tax receivables.

Receivables as of June 30, 2019, for the government's individual major funds and non-major funds in the aggregate, including the following:

		<u>General Fund</u>	<u>Food Service</u>	<u>Impact Aid Indian Education</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Property taxes receivable	\$	8,540	-	-	122,078	35,663	166,281
Due from other governments:							
Federal sources		-	527,864	-	16,836	2,811,269	3,355,969
State sources		-	-	-	-	425,290	425,290
Totals by fund	\$	8,540	527,864	-	138,914	3,272,222	3,947,540

An allowance for doubtful accounts has not been established. All receivables are expected to be collectible.

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NOTE 8 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A. Interfund Receivables and Payables

The District records temporary interfund receivable and payables to enable the funds to operate until grant monies are received. The composition of the interfund balance as of June 30, 2019 were as follows:

Governmental Activities		Interfund Receivables	Interfund Payables
Fund #	Major Funds		
11000	Operational	\$ 2,901,824	-
	Nonmajor Funds		
24101	Title I	-	(1,003,387)
24106	Entitlement IDEA-B	-	(507,464)
24109	Preschool IDEA - B	-	(20,232)
24112	IDEA - B CEIS	-	(15,066)
24119	21st Century Community Learning Centers	-	(175,366)
24130	CDC Healthy Schools	-	(2,875)
24153	Title III English Language	-	(148,316)
24154	Title II Teacher Quality	-	(57,982)
24174	Carl D Perkins Secondary Current	-	(75,454)
24186	US HHS / CDC School Health	-	(509)
24189	SS Academic Achievement Title IV	-	(31,024)
24190	Title I Direct Student Services	-	(49,380)
24193	Title I Direct Student Services #2	-	(43,886)
25131	Johnson O'Malley	-	(190,826)
25201	Navajo Nation	-	(69,216)
25205	Gear Up New Mexico State Initiative	-	(60,395)
27107	Literacy for Children at Risk	-	(39,794)
27149	Pre-K Initiative	-	(364,696)
27150	Indian Education Act	-	(15,159)
27155	Breakfast for Elementary Students	-	(1,448)
27178	2013 School Bus	-	(4,860)
28120	NM Highway Department Roads	-	(2,604)
28189	GRADS Child Care	-	(5,172)
28190	GRADS Instruction	-	(16,713)
		<u>\$ 2,901,824</u>	<u>(2,901,824)</u>

All interfund balance are to be paid within one year.

B. Interfund Transfers

The interfund transfers during the year ended June 30, 2019 were:

Tranfers In	Transfers Out
Capital Improvements - Local	Capital Improvements SB-9
\$	<u>574,793</u>

The transfers were made to align revenues and expenditures between the Capital Improvements SB9 - State (31700) and the Capital Improvements SB9- Local (31701) funds.

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NOTE 9 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

Primary Government	Balance				Balance
<i>Governmental Activities</i>	June 30, 2018	Additions	Deletions	Reclass	June 30, 2019
Capital assets not being depreciated:					
Land	\$ 454,000	-	-	-	454,000
Construction in progress	6,185,058	3,259,225	(54,874)	(8,872,596)	516,813
<i>Total capital assets not being depreciated</i>	<u>6,639,058</u>	<u>3,259,225</u>	<u>(54,874)</u>	<u>(8,872,596)</u>	<u>970,813</u>
Capital assets being depreciated:					
Land improvements	7,634,433	880,546	-	-	8,514,979
Buildings and improvements	292,831,332	316,362	-	8,872,596	302,020,290
Furniture, fixtures, and equipment	15,376,602	914,942	-	-	16,291,544
Library books	3,315,114	-	-	-	3,315,114
<i>Total capital assets being depreciated</i>	<u>319,157,481</u>	<u>2,111,850</u>	<u>-</u>	<u>8,872,596</u>	<u>330,141,927</u>
Less accumulated depreciation:					
Land improvements	(2,202,541)	(405,568)	-	-	(2,608,109)
Buildings and improvements	(115,429,317)	(6,916,834)	-	-	(122,346,151)
Furniture, fixtures, and equipment	(10,082,981)	(990,468)	-	-	(11,073,449)
Library books	(3,315,114)	-	-	-	(3,315,114)
<i>Total accumulated depreciation</i>	<u>(131,029,953)</u>	<u>(8,312,870)</u>	<u>-</u>	<u>-</u>	<u>(139,342,823)</u>
Total capital assets being depreciated, net	188,127,528	(6,201,020)	-	8,872,596	190,799,104
Total capital assets, net	\$ <u>194,766,586</u>	<u>(2,941,795)</u>	<u>(54,874)</u>	<u>-</u>	<u>191,769,917</u>

Depreciation has been allocated to the functions by the following amounts:

	<u>Amount</u>
Instruction	\$ 5,147,930
Support Services:	
Students	645,855
Instruction	269,339
General Administration	121,467
School Administration	363,998
Central Services	268,799
Operation & Maintenance of Plant	923,719
Student Transportation	224,913
Other Support Services	1,785
Food Services	293,376
Community Services	51,689
Total Depreciation Expense	\$ <u>8,312,870</u>

NOTE 10 – LONG-TERM DEBT

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. Bonds are direct obligations and pledge the full faith and credit of the District. The bonds will be paid from taxes levied against property owners living within the School District boundaries. There are no provisions for acceleration of maturity of the principal of the bonds in the event of a default in the payment of principal or interest on the bonds. Consequently, remedies available to the owners of the bonds may have to be enforced from year to year. The details of the bonds and notes as of June 30, 2019 are as follows:

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Bond Issues	Original Amount	Interest Rates	Balance	Current Portion
Series 03/25/08	\$ 5,500,000	2.60% to 5.00%	2,700,000	900,000
Series 10/26/10	12,000,000	2.00% to 3.00%	7,700,000	500,000
Series 08/21/12	14,810,000	2.00% to 3.00%	4,100,000	200,000
Series 01/21/14	13,980,000	2.25% to 4.00%	8,970,000	1,525,000
Series 10/20/15	12,000,000	1.00% to 3.00%	11,035,000	225,000
Total	\$ <u>58,290,000</u>		<u>34,505,000</u>	<u>3,350,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	Principal	Interest	Total Requirements
2020	\$ 3,350,000	997,800	4,347,800
2021	3,525,000	882,200	4,407,200
2022	3,710,000	771,375	4,481,375
2023	3,300,000	676,675	3,976,675
2024	3,300,000	587,888	3,887,888
2025 - 2029	15,520,000	1,482,100	17,002,100
2030 - 2034	1,800,000	27,000	1,827,000
Total	\$ <u>34,505,000</u>	<u>5,425,038</u>	<u>39,930,038</u>

Revenue Bonds

The District also issued bonds where the District, pledged income derived from the acquired or constructed assets to pay debt service.

Revenue Bonds	Original Amount	Interest Rates	Balance	Current Portion
Series 2006 Revenue Bond - Teacherage	\$ 8,269,675	3.04% to 3.98%	1,479,673	725,048
Total	\$ <u>8,269,675</u>		<u>1,479,673</u>	<u>725,048</u>

Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending June 30,	Principal	Interest	Total Requirements
2020	\$ 725,048	30,576	755,624
2021	754,925	15,674	770,599
Total	\$ <u>1,479,973</u>	<u>46,250</u>	<u>1,526,223</u>

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Changes in long term debt - During the year ended June 30, 2019 the following changes occurred in the liabilities reported in the governmentwide statement of net position:

		Balance			Balance	Due Within
		June 30, 2018	Additions	Retirements	June 30, 2019	One Year
Compensated Absences						
	\$	559,958	368,224	(418,382)	509,800	509,800
Bonds Payable:						
Revenue Bonds						
Original Amount		Issue				
		Series 2006				
		Revenue Bond				
\$	8,269,675	- Teacherage	2,176,609	-	(696,636)	1,479,973
						725,048
General Obligation Bonds						
Original Amount		Issue				
5,500,000		Series 03/25/08	3,600,000	-	(900,000)	2,700,000
12,000,000		Series 10/26/10	8,100,000	-	(400,000)	7,700,000
14,810,000		Series 08/21/12	4,300,000	-	(200,000)	4,100,000
13,980,000		Series 01/21/14	10,470,000	-	(1,500,000)	8,970,000
12,000,000		Series 10/20/15	11,260,000	-	(225,000)	11,035,000
Total Bonds Payable			39,906,609	-	(3,921,636)	35,984,973
Total Long-term Debt			\$ 40,466,567	368,224	(4,340,018)	36,494,773
						4,584,848

The liability of compensated absences is liquidated with resources from the general fund and several special revenue funds. The liquidation of bonds payable is done with resources from the debt service fund.

Balances shown for bonds and notes do not include unamortized premiums or deferred amounts on refinancing.

Less: current maturities	(4,075,048)
Unamortized:	
Bond premiums	976,929
Total non-current bonds payable	\$ 32,886,854

The District has \$400,000 in unused lines of credit related to purchasing cards at June 30, 2019.

NOTE 11 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injury to employees; and natural disasters. The New Mexico Public Schools Insurance Authority (NMPSIA) was formed on April 5, 1985 under the New Mexico Public Schools Insurance Authority Act, Chapter 22, Section 2 of the New Mexico Statutes Annotated (NMSA 1978), as amended, as an insurance fund to provide health, disability and life insurance coverage (benefits coverage), and property, casualty and workers' compensation insurance coverage (risk coverage) to participating public schools, school board members, public school employees, and retirees within the State of New Mexico. The District is one of 91 members that participate in NMPSIA. Participation in NMPSIA is mandatory for all K-12 public schools except those with enrollment exceeding 60,000 students. Participation is voluntary for other public education institutions. The District pays an annual premium to the pool for its general insurance coverage. The agreement for formation of NMPSIA provides that the pool will be self-sustaining through member premiums. NMPSIA establishes self-insured retentions by line of coverage and procedures insurance or

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reinsurance, where indicated, in excess of the self-insured retention on a per occurrence basis. NMPSIA will publish its own financial report for the year ended June 30, 2019.

NOTE 12 – OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

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

A. The following funds reported deficit fund balances at June 30, 2019:

Fund 24109 (Preschool IDEA-B)	\$ 10,775
Fund 24112 (IDEA-B CEIS)	15,066
Fund 24119 (21st Century)	2,043
Fund 24153 (Title III English)	15,956
Fund 24186 (US HHS/CDC Health)	509
Fund 25131 (Johnson O'Malley)	60,477
Fund 25205 (Gear UP NM)	61,847
Fund 27107 (Literacy for Children At Risk)	1,433
Fund 27149 (Pre-K Initiative)	8,485
Fund 27150 (Indian Education Act)	15,159
Fund 27178 (2013 School Bus)	4,860
Fund 28120 (NM Highway Department)	2,604
Fund 28189 (GRADS Child Care)	5,172
Fund 28190 (GRADS Instruction)	16,713

B. The following funds exceeded the approved budgetary authority for the year ending June 30, 2019:

Fund 31701 (function 2000)	\$ 1,403
Fund 41000 (function 2000)	\$ 1,707

C. Designated cash appropriations in excess of available balance: No funds of the District exceeded the budgeted cash appropriations for the year ending June 30, 2019.

NOTE 13 – PENSION PLAN – EDUCATION RETIREMENT BOARD

General Information about the Pension Plan

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

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

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

All accumulated assets are held by the Plan in trust to pay benefits, including refunds of contributions as defined in the terms of the Plan. Eligibility for membership in the Plan is a condition of employment, as defined in Section 22-11-2, NMSA 1978. Employees of public schools, universities, colleges, junior colleges,

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technical-vocational institutions, state special schools, charter schools, and state agencies providing an educational program, who are employed more than 25% of a full-time equivalency, are required to be members of the Plan, unless specifically excluded.

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

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

- The member's age and earned service credit add up to the sum of 75 or more,
- The member is at least 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 was refunded all member contributions, and then becomes re-employed after July 1, 2010 is as follows:

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

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

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

Form 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.

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If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.

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

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

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

As of July 1, 2013, for current and future retirees the COLA is immediately reduced until the Plan is 100% funded. The COLA reduction is based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.5%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.7%.

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

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

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

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

The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. For the fiscal years ended June 30, 2019 and 2018, the District paid employee and employer contributions of \$5,620,348 and \$5,348,507 which equal the amount of the required contributions for each fiscal year.

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 \$163,864,919 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

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30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the Board on April 21, 2017. There were no other significant events of changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2018. Therefore, the District's portion was established as of the measurement date of June 30, 2018. The employer's name'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 at June 30, 2018, actuarially determined. At June 30, 2018, the District's proportion was 1.37802%, which was a decrease of 0.02394% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$21,826,252. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of 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	\$ 119,594	3,118,613
Changes of assumptions	33,771,785	-
Net difference between projected and actual earnings on pension plan investments	362,755	-
Change in proportion and differences between the District's contributions and proportionate share of contributions	691,495	2,438,696
The District's contributions subsequent to the measurement date	<u>5,620,348</u>	<u>-</u>
Total	<u>\$ 40,565,977</u>	<u>5,557,309</u>

\$5,620,348 reported as deferred outflows of resources related to pensions resulting from employer's name's contributions subsequent to the measurement date—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:

<u>June 30,</u>	\$	<u>Amortization</u>
2020		18,620,276
2021		11,291,025
2022		(527,755)
2023		4,774
Thereafter		-

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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:

Inflation	3.00%										
Salary increases	3.25% composed of 2.50% inflation, plus a 0.75% productivity increase rate, plus a step-rate promotional increase for members with less than 10 years of service.										
Investment rate of return	7.25% compounded annually, net of expenses. This is made up of a 2.50% inflation rate and a 4.75 real rate of return.										
Average of Expected Remaining Service Lives	<table border="0" style="margin-left: 40px;"> <tr> <td style="padding-right: 20px;">Fiscal year</td> <td style="text-align: center;"><u>2017</u></td> <td style="text-align: center;"><u>2016</u></td> <td style="text-align: center;"><u>2015</u></td> <td style="text-align: center;"><u>2014</u></td> </tr> <tr> <td>Service life in years</td> <td style="text-align: center;">3.35</td> <td style="text-align: center;">3.77</td> <td style="text-align: center;">3.92</td> <td style="text-align: center;">3.88</td> </tr> </table>	Fiscal year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	Service life in years	3.35	3.77	3.92	3.88
Fiscal year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>							
Service life in years	3.35	3.77	3.92	3.88							
Mortality	<p>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</p> <p>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</p> <p>Disabled males: RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB</p> <p>Disabled females: RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB</p> <p>Active members: Based on RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table's base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for preretirement mortality.</p>										
Retirement Age	Experience base on table of rates based on age and service. Adopted by NMERB Board on April 21, 2017 in conjunction with the six-year experience study for the period ended June 30, 2016.										
Cost of Living Increases	1.90% per year, compounded annually; increases deferred until July 1 following the year a member retires, or the year in which a member attains the age of 65 (67 for Tier 3), whichever is later or, for disabled retirees, until July 1 of the third year following retirement.										
Payroll Growth	3.00% per year (with no allowance for membership growth).										
Contribution Accumulation	The accumulated member account balance with interest is estimated at the valuation date by assuming that member contributions increased 5.50% per year for all years prior to the valuation date. Contributions are credited with 4.00% interest, compounded annually, applicable to the account balances in the past as well as the future.										
Disability incidence	Approved rates are applied to eligible members with at least 10 years of service.										

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

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

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

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

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

The June 30, 2018 single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, and a municipal bond rate of 3.62%. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2050. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the 2050 fiscal year, and the municipal bond rate was applied to all benefit payments after that date.

The projections of cash flows used to determine the June 30, 2018 single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.

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

	1% Decrease (4.69%)	Current Discount Rate (5.69%)	1% Increase (6.69%)
District's proportionate share of the net pension liability	\$ 212,961,635	163,864,919	123,805,063

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in separately issued NMERB'S financial reports. The reports can be found on NMERB's Web site at https://www.nmerb.org/Annual_reports.html.

Payables to the Pension Plan - Payables to ERB as of year-end were approximately \$1,742,740.

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

General Information about the OPEB

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

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

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

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

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

Contributions – Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the District were \$801,659 for the year ended June 30, 2019.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At June 30, 2019, the District reported a liability of \$39,235,205 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The District’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2018. At June 30, 2018, the District’s proportion was 0.90230 percent.

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For the year ended June 30, 2019, the District recognized OPEB income of \$1,118,755. At June 30, 2019 the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	2,322,975
Changes of assumptions	-	7,325,039
Net difference between actual and projected earnings on OPEB	-	489,641
Changes in proportion and differences between District contributions and proportionate share of contributions	-	1,250,454
Contributions subsequent to the measurement date	<u>801,659</u>	<u>-</u>
Total	<u>\$ 801,659</u>	<u>11,388,109</u>

Deferred outflows of resources totaling \$801,659 represent District contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended	<u>Amortization</u>
<u>June 30:</u>	
2020	\$ (2,840,686)
2021	(2,840,686)
2022	(2,840,686)
2023	(2,254,064)
2024	(611,987)
Thereafter	-
	<u>\$ (11,388,109)</u>

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

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset Valuation Method	Market value of assets
Actuarial Assumptions:	
Inflation	2.50% for ERB members; 2.25% for PERA members
Projected payroll increases	3.25% 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
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 years for Medicare medical plan costs
Mortality	ERB Members: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females) PERA Members: RP-2000 Combined Healthy Mortality

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

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

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

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fiscal year ending June 30, 2029. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 4.08% is the blended discount rate.

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates - The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08 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%)
District's proportionate share of the net OPEB liability	\$ 47,483,838	39,235,205	32,733,445

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:

	Trend Rate Sensitivity Analysis		
	1% Decrease	Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 33,167,504	39,235,205	43,992,419

OPEB plan fiduciary net position - Detailed information about the OPEB plan's fiduciary net position is available in NMRHCA's audited financial statements for the year ended June 30, 2018.

Payable Changes in the Net OPEB Liability - At June 30, 2019, the District reported a payable of \$214,246 for outstanding contributions due to NMRHCA for the year ended June 30, 2019.

NOTE 15 – CONCENTRATIONS

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

NOTE 16 – SUBSEQUENT EVENTS

Subsequent events were evaluated through November 13, 2019 which is the date the financial statements were available to be issued.

In November 2019, the District utilized funding received from the teacher housing funds appropriated by Senate Bill 280 to payoff the 2006 Revenue Bonds issued for teacherage housing. Total payoff was \$762,762. Refer to Note 10 for more information on long-term debt.

Effective July 1, 2019 the District and Dream Diné Charter School entered into a Charter School Contract, in accordance with Sections 22-8B-5.3 and 22-8B-9 NMSA 1978, for the purposes of operating the Dream Diné Charter School.

NOTE 17 – CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the

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Notes to the Financial Statements
June 30, 2019

grantor cannot be determined at this time, although The District, expects such amounts, if any, to be immaterial.

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of The District's legal counsel the resolution of these matters will not have a material adverse effect on the financial condition of The District.

NOTE 18 – CASH FLOWS

The District's federal and state grants operate on a reimbursement basis. The District must support the expenditures for these grants with monies from the unrestricted operating monies. Operating on a reimbursement basis for these grants in its self does not adversely affect the District's ability to operate effectively. However, the time it takes to receive reimbursement, if extensive, does significantly affect the District's cash flows and the ability to deliver education services to the community in an effective manner. This could affect the District's financial operations in subsequent years.

NOTE 19 – SUBSEQUENT ACCOUNTING STANDARD PRONOUNCEMENTS

GASB has issued the following statements, which are applicable in future years. Management has not determined the impact, if any, these futures pronouncements will have on the District.

➤ **GASB Statement No. 84, *Fiduciary Activities* -**

Effective Date: The provisions in Statement 86 are effective for fiscal years beginning after December 15, 2018.

The Statement establishes criteria for identifying fiduciary activities of all state and local governments:

- Focus of the criteria generally on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists.
- Separate criteria included in the fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

➤ **GASB Statement No. 87, *Leases* -**

Effective Date: The provisions in Statement 86 are effective for fiscal years beginning after December 15, 2019.

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for Xs by governments.

REQUIRED SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22**

**Schedule of the District's Proportionate Share of the Net Pension Liability
Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years* (Unaudited)**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	1.378020%	1.410960%	1.437020%	1.384150%	1.371850%
District's proportionate share of the net pension liability	\$ 163,864,919	155,806,379	103,414,190	89,655,081	78,274,059
District's covered-employee payroll	\$ 40,224,292	38,478,469	39,792,853	41,051,983	39,359,197
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	407.38%	404.92%	259.88%	218.39%	198.87%
Plan fiduciary net position as a percentage of the total pension liability	52.17%	52.95%	61.58%	63.97%	66.54%

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

**Schedule of the District's Contributions
Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years* (Unaudited)**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 5,620,348	5,348,507	5,531,206	5,706,225	5,470,928
Contributions in relation to the contractually required	(5,626,074)	(5,358,438)	(5,543,306)	(5,707,080)	(5,473,195)
Contribution deficiency (excess)	\$ <u>(5,726)</u>	<u>(9,931)</u>	<u>(12,100)</u>	<u>(855)</u>	<u>(2,267)</u>
District's covered-employee payroll	\$ 40,224,292	38,478,469	39,792,853	41,051,983	39,359,197
Contribution as a percentage of its covered-employee payroll	13.97%	13.90%	13.90%	13.90%	13.90%

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

**STATE OF NEW MEXICO
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**Schedule of the District's Proportionate Share of the Net OPEB Liability
Retiree Health Care OPEB Plan
Last 10 Fiscal Years* (Unaudited)**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
District's proportion of the net OPEB liability	0.90230%	0.92954%
District's proportionate share of the net OPEB liability	\$ 39,235,205	42,123,713
District's covered-employee payroll	\$ 40,082,964	39,904,375
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	97.88%	105.56%
Plan fiduciary net position as a percentage of the total OPEB liability	13.14%	11.34%

**Governmental Accounting Standards Board Statement No. 75* requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the District is not available prior to fiscal year 2018, the year the statement's requirements became effective.

**Schedule of the District's Contributions
Retiree Health Care OPEB Plan
Last 10 Fiscal Years* (Unaudited)**

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Contractually required contribution	\$ 801,659	770,374
Contributions in relation to the contractually required	<u>(801,659)</u>	<u>(770,579)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>(205)</u>
District's covered-employee payroll	\$ 40,082,964	38,518,723
Contribution as a percentage of its covered-employee	2.00%	2.00%

**Governmental Accounting Standards Board Statement No. 75* requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the District is not available prior to fiscal year 2018, the year the statement's requirements became effective.

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Notes to Required Supplementary Information (Unaudited)
For the Year Ended June 30, 2019

ERB Pension 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%.

Retiree Health Care OPEB Plan

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

Changes in assumptions and methods – There were no significant modifications to the assumptions and methods. The New Mexico Retiree Health Care Authority Annual Actual Valuations as of June 2018 report is available by contacting the Authority at 4308 Carlisle Blvd. NE Suite 105, Albuquerque, NM 87107.

SUPPLEMENTARY INFORMATION

GENERAL FUND

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Fund Descriptions
General Fund
For the Year Ended June 30, 2019

GENERAL FUND

The General Fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

Operational Fund (Fund No. 11000): Minimum Balance: None

This fund is used to account of the State Equalization Guarantee from the NM State Legislature and is the primary operating fund of the District, and accounts for all financial resources, except those required to be accounted for in other funds. Authority for the creation of this fund is the New Mexico Public Education Department.

Teacherage Fund (Fund No. 12000): Minimum Balance: None

This fund accounts for all financial resources used in the housing of teachers. Authority for the creation of this fund is the New Mexico Public Education Department.

Transportation Fund (Fund No. 13000): Minimum Balance: None

This fund is used to account for the costs associated with transporting school age children to and from school. Authority for the creation of this fund is the New Mexico Public Education Department.

Instructional Materials Fund (Fund No. 14000): Minimum Balance: None

This fund accounts for all financial resources received from the State Department of Education for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students. Authority for the creation of this fund is the New Mexico Public Education Department.

STATE OF NEW MEXICO
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Combining Balance Sheet
General Fund
June 30, 2019

	Operational Fund 11000	Teacherage Fund 12000	Transportation Fund 13000	Instructional Materials Fund 14000	Total General Fund
<i>Assets</i>					
Cash and investments	\$ 4,848,638	969,614	18,660	493,044	6,329,956
Receivables:					
Property taxes	8,540	-	-	-	8,540
Due from other funds	2,901,824	-	-	-	2,901,824
Inventory	129,898	-	56,702	-	186,600
<i>Total assets</i>	<u>\$ 7,888,900</u>	<u>969,614</u>	<u>75,362</u>	<u>493,044</u>	<u>9,426,920</u>
<i>Liabilities, Deferred Inflows of Resources, and Fund Balances</i>					
<i>Liabilities</i>					
Accounts payable	\$ 49,648	-	-	-	49,648
Accrued payroll liabilities	1,326,952	52	13,758	-	1,340,762
Deposits held for others	-	53,415	-	-	53,415
<i>Total liabilities</i>	<u>1,376,600</u>	<u>53,467</u>	<u>13,758</u>	<u>-</u>	<u>1,443,825</u>
<i>Deferred inflows of resources</i>					
Deferred inflows - property taxes	6,029	-	-	-	6,029
<i>Total deferred inflows of resources</i>	<u>6,029</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,029</u>
<i>Fund balances</i>					
Nonspendable	129,898	-	56,702	-	186,600
Unassigned	6,376,373	916,147	4,902	493,044	7,790,466
<i>Total fund balances</i>	<u>6,506,271</u>	<u>916,147</u>	<u>61,604</u>	<u>493,044</u>	<u>7,977,066</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 7,888,900</u>	<u>969,614</u>	<u>75,362</u>	<u>493,044</u>	<u>9,426,920</u>

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Combining Statements of Revenues, Expenditures, and
Changes in Fund Balance
General Fund
For Year Ended June 30, 2019

	Operational Fund 11000	Teacherage Fund 12000	Transportation Fund 13000	Instructional Materials Fund 14000	Total General Fund
<i>Revenues:</i>					
Property taxes	\$ 411,324	-	-	-	411,324
Oil and gas taxes	911	-	-	-	911
Intergovernmental- federal grants	24,176,548	-	-	-	24,176,548
Intergovernmental - state grants	26,125,899	-	2,253,039	192,904	28,571,842
Contributions- private grants	26,417	-	-	-	26,417
Indirect cost recovery	430,067	-	-	-	430,067
Charges for services	225	609,178	-	-	609,403
Investment income	43,281	-	-	-	43,281
Miscellaneous	372,212	0	191	2,716	375,119
<i>Total revenues</i>	<u>51,586,884</u>	<u>609,178</u>	<u>2,253,230</u>	<u>195,620</u>	<u>54,644,912</u>
<i>Expenditures:</i>					
<i>Current:</i>					
Instruction	31,760,541	-	-	16,164	31,776,705
<i>Support services:</i>					
Students	5,467,992	-	-	-	5,467,992
Instruction	1,463,908	-	-	-	1,463,908
General administration	1,117,778	-	-	-	1,117,778
School administration	4,183,152	-	-	-	4,183,152
Central services	2,559,335	-	-	-	2,559,335
Operation & maintenance of plant	7,987,985	218,905	-	-	8,206,890
Student transportation	492,234	-	2,281,420	-	2,773,654
Other support operations	17,579	-	-	-	17,579
Food services operations	-	-	-	-	-
Community services	94,620	-	-	-	94,620
Capital outlay	356,111	-	-	-	356,111
<i>Total expenditures</i>	<u>55,501,235</u>	<u>218,905</u>	<u>2,281,420</u>	<u>16,164</u>	<u>58,017,724</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(3,914,351)</u>	<u>390,273</u>	<u>(28,190)</u>	<u>179,456</u>	<u>(3,372,812)</u>
<i>Net change in fund balance</i>	<u>(3,914,351)</u>	<u>390,273</u>	<u>(28,190)</u>	<u>179,456</u>	<u>(3,372,812)</u>
<i>Fund balance, - beginning</i>	<u>10,420,622</u>	<u>525,874</u>	<u>89,794</u>	<u>313,588</u>	<u>11,349,878</u>
<i>Fund balance - ending</i>	<u>\$ 6,506,271</u>	<u>916,147</u>	<u>61,604</u>	<u>493,044</u>	<u>7,977,066</u>

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Statement of Revenues, Expenditures, and
Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual
Operational Fund - 11000
For Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
	Budget	Budget		Favorable
			(Budgetary)	(Unfavorable)
<i>Revenues:</i>				
Property taxes	\$ 388,595	388,595	410,754	22,159
Oil and gas taxes	500	500	1,046	546
Intergovernmental- federal grants	20,000,000	20,000,000	24,606,615	4,606,615
Intergovernmental - state grants	26,128,154	26,128,154	26,125,899	(2,255)
Contributions- private grants	7,500	7,500	26,417	18,917
Charges for services	464	464	225	(239)
Investment income	35,000	35,000	43,281	8,281
Miscellaneous	645,759	645,759	372,212	(273,547)
<i>Total revenues</i>	<u>47,205,972</u>	<u>47,205,972</u>	<u>51,586,449</u>	<u>4,380,477</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	30,790,270	32,405,094	31,619,682	785,412
<i>Support services:</i>				
Students	6,851,072	6,522,072	5,407,544	1,114,528
Instruction	1,753,434	1,806,434	1,451,346	355,088
General administration	1,618,562	1,435,562	1,119,267	316,295
School administration	4,804,457	4,700,557	4,174,190	526,367
Central services	3,020,810	3,012,027	2,533,866	478,161
Operation & maintenance of plant	9,689,778	9,532,718	8,142,639	1,390,079
Student transportation	1,022,426	872,426	506,348	366,078
Other support operations	437,766	237,766	17,428	220,338
Community services	542,449	342,449	94,620	247,829
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>60,531,024</u>	<u>60,867,105</u>	<u>55,066,930</u>	<u>5,800,175</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(13,325,052)	(13,661,133)	(3,480,481)	10,180,652
Budgeted cash carryover	13,325,052	13,661,133	-	(13,661,133)
<i>Fund balance at beginning of year</i>			<u>10,420,622</u>	<u>10,420,622</u>
<i>Fund balance at end of year</i>			6,940,141	<u><u>6,940,141</u></u>
<i>RECONCILIATION FROM BUDGET/ACTUAL TO GAAP</i>				
Change in inventory			\$ (23,297)	
Change in property tax receivable			(71)	
Change in due from other governments			(1,194)	
Change in payables			84,188	
Change in accrued liabilities			(494,002)	
Change in deferred property taxes			506	
Fund balance at end of year (GAAP basis)			<u>\$ 6,506,271</u>	

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Statement of Revenues, Expenditures, and
Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual
Teacheraage Fund - 12000
For Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary)	Variance with Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget		
<i>Revenues:</i>				
Charges for services	\$ 425,000	425,000	609,178	184,178
<i>Total revenues</i>	<u>425,000</u>	<u>425,000</u>	<u>609,178</u>	<u>184,178</u>
<i>Expenditures:</i>				
Current:				
Operation & maintenance of plant	591,508	952,851	218,905	733,946
<i>Total expenditures</i>	<u>591,508</u>	<u>952,851</u>	<u>218,905</u>	<u>733,946</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(166,508)	(527,851)	390,273	918,124
Budgeted cash carryover	166,508	527,851	-	(527,851)
<i>Fund balance at beginning of year</i>			<u>525,874</u>	<u>525,874</u>
<i>Fund balance at end of year</i>			916,147	<u><u>916,147</u></u>
<i>RECONCILIATION FROM BUDGET/ACTUAL TO GAAP</i>				
Fund balance at end of year (GAAP basis)			\$ <u><u>916,147</u></u>	

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Statement of Revenues, Expenditures, and
Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual
Pupil Transportation Fund - 13000
For Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary)	Variance with Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget		
<i>Revenues:</i>				
Intergovernmental - state grants	\$ 2,253,039	2,253,039	2,253,039	-
Miscellaneous	-	-	191	191
<i>Total revenues</i>	<u>2,253,039</u>	<u>2,253,039</u>	<u>2,253,230</u>	<u>191</u>
<i>Expenditures:</i>				
Current:				
Support services:				
Student transportation	2,253,039	2,254,380	2,235,260	19,120
<i>Total expenditures</i>	<u>2,253,039</u>	<u>2,254,380</u>	<u>2,235,260</u>	<u>19,120</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	(1,341)	17,970	19,311
Budgeted cash carryover	-	1,341	-	1,341
<i>Fund balance at beginning of year</i>			<u>89,794</u>	<u>89,794</u>
<i>Fund balance at end of year</i>			107,764	<u><u>107,764</u></u>
<i>RECONCILIATION FROM BUDGET/ACTUAL TO GAAP</i>				
Change in inventory			\$ (47,242)	
Change in payables			<u>1,082</u>	
Fund balance at end of year (GAAP basis)			<u><u>\$ 61,604</u></u>	

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Statement of Revenues, Expenditures, and
Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual
Instructional Materials Fund - 14000
For Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary)	Variance with Final Budget Favorable (Unfavorable)
	Original Budget	Final Budget		
<i>Revenues:</i>				
Intergovernmental - state grants	\$ 192,904	204,861	192,904	(11,957)
<i>Total revenues</i>	<u>192,904</u>	<u>204,861</u>	<u>195,620</u>	<u>(9,241)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	\$ 503,825	518,449	16,164	502,285
<i>Total expenditures</i>	<u>503,825</u>	<u>518,449</u>	<u>16,164</u>	<u>502,285</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(310,921)	(313,588)	179,456	493,044
Budgeted cash carryover	310,921	313,588	-	(313,588)
<i>Fund balance at beginning of year</i>			<u>313,588</u>	<u>313,588</u>
<i>Fund balance at end of year</i>			493,044	<u><u>493,044</u></u>
<i>RECONCILIATION FROM BUDGET/ACTUAL TO GAAP</i>				
Fund balance at end of year (GAAP basis)			\$ <u><u>493,044</u></u>	

NONMAJOR GOVERNMENTAL FUNDS

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Nonmajor Governmental Fund Descriptions
Nonmajor Governmental Funds
For the Year Ended June 30, 2019**

NONMAJOR SPECIAL REVENUE FUNDS

The Special Revenue Funds are operating funds used to account for the proceeds of specific revenue sources that are intended for specific purposes other than special assessments or major capital projects.

Athletics (Fund No. 22000): Minimum Balance: None

This fund provides financing for District athletic activities. Funding is provided by fees from patrons.

Activities (Fund No. 23000): Minimum Balance: None

This fund provides revenue and expenditures of student activities other than athletics.

Title I (Fund No. 24101): Minimum Balance: None

To help local education agencies (LEAs) and schools improve the teaching and learning of children failing, or most at-risk of failing, to meet challenging State academic standards. Funding authorization: Elementary and Secondary Education Act of 1965, Title I, Part A, 20 U.S.C 6301 et seq.

Entitlement IDEA-B (Fund No. 24106): Minimum Balance: None

Program provides grants to states that flow-through to schools, to assist them in providing a free appropriate public education to all children with disabilities. The program is funded by the United States government, under the Individuals with Disabilities Education Act, Part B, Section 611-617, and part D, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.

Preschool IDEA-B (Fund No. 24109): Minimum Balance: None

The Preschool program is for the purpose of enhancing Special Education for handicapped children from ages 3 to 5. The program is funded by the United States government, under the Individuals with Disabilities Education Act, Part B, Section 611-617, and part D, Section 674 as amended, 20 U.S.C 1711-1417 and 1420.

IDEA-B CEIS (Fund No. 24112): Minimum Balance: None

Up to 15% of combined entitlement and preschool funding may be budgeted as per 34 CFR § 300.226. Must be used consistent with the applicable provisions of IDEA-B, as follows: (1) Must be used only to pay the excess costs of providing special education and related services to children with disabilities: (2) Must be used to supplement State, Local, and other Federal funds and not to supplant such funds: and (3) Must not be used to reduce an LEA's maintenance of effort (MOE) for the education of children with disabilities below the preceding year's level accept as allowed by 34 CFR §§ 300.204 and 205.

21st Century Community Learning Centers (Fund No. 24119): Minimum Balance: None

After District adolescence care, providing the community with responsible Child Care, while providing the children and their families with referral services, drug prevention education, academic help, and character building (social skill) activities. Funding is provided by the Department of Education under the Elementary and Secondary Education Act of 1965, Title X, part I Section 10901, Public Law 103-382 Stat. 3844, 20 U.S.C 8241.

Center for Disease Control's Health Schools (Fund No. 24130): Minimum Balance: None

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

Title III English Language (Fund No. 24153): Minimum Balance: None

To ensure that limited English proficient children (LEP) and youth, including immigrant children and youth, attain English proficiency and meet the same standards as all children and youth are expected to meet; to provide assistance to Native American, Native Hawaiian, Native American Pacific Islander, and

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Nonmajor Governmental Fund Descriptions
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

Alaskan native children with certain modifications relative to the unique status of native American language under Federal Law; to develop to the extent possible, the native language skills of such children. The fund is authorized through the Elementary and Secondary Education Act (ESEA), as amended, Title III, Part A, Sections 3101, 3129.

Title II Teacher Quality (Fund No. 24154): Minimum Balance: None

To provide grants to State Education Agencies (SEAs) on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in the academic achievement. Authorization is granted through the Elementary and Secondary Education Act of 1965, as amended, Title II, Part A, Public Law 107-110.

Title I District Improvement (Fund No. 24162): Minimum Balance: None

To develop parental involvement in the District curriculum. The program is funded by the United States Government under Public Law 100-297

Carl D Perkins- Secondary Current (Fund No. 24174): Minimum Balance: None

To provide secondary and post-secondary educational institutions the opportunity to develop, implement and operate programs using different models of curricula that integrate vocational and academic learning. Funds are acquired from federal sources through the New Mexico Department of Education. Authority for the creation of this fund is Carl D. Perkins Vocational and Applied Technology Education Act of 1990, as amended, Public Law 105-332.

US HHS/CDC District Health (Fund No. 24186): Minimum Balance: None

The National Public Health Improvement Initiative is part of the Centers of Disease Control and Prevention's larger effort to increase the performance management capacity of public health departments in order to ensure that public health goals are effectively and efficiently met. On March 30, 2010, President Obama signed into law the Affordable Care Act (ACA) (PL 111-148). This legislation established a Prevention and Public Health Fund (Title IV, Section 4002) to provide for expanded and sustained national investment in prevention and public sector health care costs. ACA and the Prevention and Public Health Fund make improving public health a priority with investments to improve public health services, establish meaningful and measurable health indicators, and to achieve long-term improvement in health outcomes. The 5-year Strengthening Public Health Infrastructure of Improved Health Outcomes cooperative agreement program is designed to support innovative changes in key areas that improve the quality, effectiveness and efficiency of the public health infrastructure to better enable the delivery of public health services and programs as specified within the ACA. In this continuation announcement, the CDC proposes to award approximately \$33.7 million to fund 74 grantees using a formula. Eligible applicants are limited to current Awardees. Authorization (O40): Public Health Act and Prevention and Public Health Fund (PPHF), Section 301 and 317, 42 U.S.C 241 and 247b; Patient Protection and Affordable Care Act and Prevention and Public Health Fund (PPHF), Title IV, Section 4002, Public Law 111-148.

Student Support Academic Achievement Title IV (Fund No. 24189): Minimum Balance: None

To ensure that limited English proficient children (LEP) and youth, including immigrant children and youth, attain English proficiency and meet the same standards as all children and youth are expected to meet; to provide assistance to Native American, Native Hawaiian, Native American Pacific Islander, and Alaskan native children with certain modifications relative to the unique status of native American language under Federal Law, to develop to the extent possible, the native language skills of such children. The fund is authorized through the Elementary and Secondary Education Act (ESEA), as amended, Title III, Part A, Sections 3101, 3129.

Title I Comprehensive Support and Improvement (Fund No. 24190): Minimum Balance: None

The purpose of the Comprehensive Support and Improvement (CSI) Planning Grant, authorized by the Elementary and Secondary Education Act (ESEA), is to provide public school districts with additional funds and resources to assist CSI identified schools in completing a needs assessment, engaging stakeholders, reviewing resource inequities and selecting an evidence-based improvement strategy in order to develop or refine an improvement plan.

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Nonmajor Governmental Fund Descriptions
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

Public Health Services Health Ed (Fund No. 25122): Minimum Balance: None

The Public Health Services Health Ed program assists with improving the quality of the health of American Indians and Alaskan Natives by providing a full range of curative, preventative, and rehabilitative health services. The program is funded by the United States government, under Public Law 83-568, 42 U.S.C 2001-2004a; Indian Self-Determination and Education Assistance Act, Section 104(b), Public Law 93-638, 25 U.S.C. 450; section 9, Public Law 98-250; Public Law 100-472.

Johnson O'Malley (Fund No. 25131): Minimum Balance: None

The Johnson O'Malley project provides supplemental programs in special education and the other needs for New Mexico public schools where eligible Indian children are enrolled. Funding is provided by the Department of the Interior, Bureau of Indian Affairs, through the Navajo Tribe, under the Johnson-O'Malley Act of April 16, 1934 as amended, 25 U.S.C 452, Public Law 93-638; 25 U.S.C 455-457.

Impact Aid Special/Indian Education (Fund No. 25145 & 25147): Minimum Balance: None

To provide financial assistance to local educational agencies (LEA's) where enrollments or availability of revenue are adversely affected by Federal activities, i.e. where the tax base of a district is reduced through the Federal acquisition of real property (Section 2), or where there are a significant number of children who reside on Federal (including Indian) lands and/or children whose parents are employed on Federal property or in the Uniformed Services (Section 3(a) and 3(b)); where there is a significant decrease (Section 3 (c)) or a sudden and substantial increase (Section 4) in District enrollment as the result of Federal activities; to provide disaster assistance for reduced or increased operating costs (Section 7(a)), for replacing or repairing damaged or destroyed supplies, equipment, and books, and for repairing minor damage to facilities. Funding authorized by Public Law 81-874.

Title XIX – Medicaid (Fund No. 25153): Minimum Balance: None

To provide financial assistance from the Federal government which flows-through the State of New Mexico to school districts, for payments of medical assistance on behalf of cash assistance recipients, children, pregnant women and the aged who meet income and resource requirements, and other categorically-eligible groups. The program is funded by the U.S. government under the Social Security Act, Title XIX, as amended; Public Laws 92-223, 92-602, 93-66, 93-233, 96-499, 97-35, 97-2248, 98-369, 99-272, 99-509, 100-93, 100-202, 100-203, 100-360, 100-436, 100-485, 100-647, 100-166, 101-234, 101-239, 101-508, 101-517, 102-234, 102-170, 102-394, 103-66, 103-14, 103-333, 104-91, 104-191, 104-193, 104-208, and 104-134; Balanced Budget Act of 1997, Public Law 105-33.

Indian Education Formula Grant (Fund No. 25184): Minimum Balance: None

The purpose of this program is to support projects which improve educational opportunities and achievement of Native American children. Funding is provided by the Federal Government, under the Elementary and Secondary Education Act of 1965, Title IX, Part A, Subpart 1, as amended, Public Law 103-382 20 U.S.C. 7811-7818; 25 U.S.C. 2002.

Navajo Nations (Fund No. 25201): Minimum Balance: None

The Navajo Nations program assists the District in providing appropriate special education and related services for Navajo children with disabilities aged three to five. United States government, under the Individuals with Disabilities Education Improvement Act of 2004, 20 U.S.C. 1400; P.L. 108-446

Gear Up New Mexico State Initiatives (Fund No. 25205): Minimum Balance: None

To encourage eligible entities to provide supportive services to elementary and middle schools, and secondary District students who are at risk of dropping out of District; and information to students and their parents about the advantages of obtaining a postsecondary education and the college financing options for the students and their parents. Authorization granted through Higher Education Act, Title IV, Part A, Subpart 2, Chapter 2, 20 U.S.C. 1070a-21-1070a-28.

Indian Health Services (Fund No. 26157): Minimum Balance: None

The Indian Health Service is responsible for providing federal health services to American Indian and Alaska Natives. The provision of health services to members of federally-recognized Tribes grew out of the special government-to-government relationship between the federal government and Indian Tribes.

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Nonmajor Governmental Fund Descriptions
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

Dual Credit Instructional Materials (Fund No. 27103): Minimum Balance: None

To be used for courses approved by Higher Education Department (HED) and through a college/university for which the District has an approved agreement.

Literacy for Children at Risk (Fund No. 27107): Minimum Balance: None

Funds to be used for library books and library resources for public school libraries statewide. Library resources include computers, software, projectors, televisions, other related hardware and software, shelving, desks, chairs, and book trucks/carts. Senate Bill 66, Laws of 2012, 2nd Session, Chapter 54, Section 10.B(3).

PARCC Readiness (Fund No. 27108): Minimum Balance: None

Reimbursement from the New Mexico Public Education Department for infrastructure upgrades related to PARCC Readiness based on the completion of network mapping and performance assessments.

Excellence in Teaching Awards (Fund No. 27125): Minimum Balance: None

Provides teacher salary supplements for those outstanding teachers that have achieved the award criteria. This is funded by the NM Public Education Department, Special Appropriation Fund.

Reads to Lead (Fund No. 27114): Minimum Balance: None

Provides an aligned approach for districts and schools to ensure that children can read by the end of their 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.

Pre-K Initiative (Fund No. 27149): Minimum Balance: None

The Pre-K program shall address the total development needs of preschool children including physical, cognitive, social and emotional needs, and shall include health care, nutrition, safety and multicultural sensitivity.

Indian Education Act (Fund No. 27150): Minimum Balance: None

To increase academic achievement and provide culturally relevant learning experiences for American Indian students; to establish collaborative partnerships that engage active participation of American Indian parents, students, tribe(s), community-based organizations, universities, private sector and/or other entities who work with American Indian students; to establish a parent community advisory committee to participate in the development of an Indigenous curriculum framework and to profile Indigenous best practices.

Breakfast for Elementary Students (Fund No. 27155): Minimum Balance: None

The Breakfast for Elementary District program provides foods (at no charge) after the instructional day has begun, provided that instruction occurs simultaneously with breakfast. Authorized through 22-13-13.2 NMSA 1978; NMAC 6.12.19.

Kindergarten 3 Plus (Fund No. 27166): Minimum Balance: None

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.

Science Instructional Materials K-12 (Fund No. 27176): Minimum Balance: None

For the purchase of science instructional material supplies (kits, kit refills, or supplies needed for inquiry or project-based science instruction). Supplies purchased with this award are to be utilized during regular instructional hours for grades 6-8 and are not intended for after District programs.

2013 District Bus (Fund No. 27178): Minimum Balance: None

To provide for the purchase of District buses.

Early College High School Start Up (Fund No. 27180): Minimum Balance: None

Early college high school are schools that blend high schools and college into a coherent educational program.

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Nonmajor Governmental Fund Descriptions
Nonmajor Governmental Funds
For the Year Ended June 30, 2019**

New Mexico Grown Fresh Fruit and Vegetable Award (Fund No. 27183): Minimum Balance: None
The purpose of this award is to purchase only New Mexico grown fresh produce to be used in the District's school meal and snack programs.

Teacher Hard to Staff Stipend (Fund No. 27195): Minimum Balance: None
The purpose of these funds is to provide a \$5,000, \$7,500, and \$10,000 stipend per year to effective, highly effective, and exemplary STEM (grades 6-12), Special Education (K-12) or other hard-to-staff teaching positions to serve in low performing (D/F) schools, These funds can be used as a stipend to recruit these hard-to-staff teachers to teach in hard-to-staff schools or to attract and retain these teachers in low-performing schools.

NM Highway Dept (Road) (Fund No. 28120): Minimum Balance: None
Parking lot/access road improvement of various roads within District property which is a joint and coordinated effort for which the New Mexico Department of Transportation and Central Consolidated District each have authority or jurisdiction. The project is a joint and coordinated effort for which the Department and the Public Entity each have authority or jurisdiction. Pursuant to NMSA 1978, section 67-3-28 and 67-3-28.2 and the State Transportation Commission Policy No. 44-12.

GRADS – Child Care (Fund No. 28189): Minimum Balance: None
The Graduation, Reality, and Dual-role Skills (GRADS) program provides funding to participating schools in providing services for teen parents who are students at the participating schools.

GRADS – Instruction (Fund No. 28190): Minimum Balance: None
The Graduation, Reality, and Dual-role Skills (GRADS) program provides funding to participating schools in providing services for teen parents who are students at the participating schools.

CYFD – Child and Adult Food Program (Fund No. 28190): Minimum Balance: None
To account for federal money received from CYFD from the National District Lunch Program to provide food to students. The fund was created by grant provisions.

GRADS Plus (Fund No. 28203): Minimum Balance: None
To develop a curriculum that identifies serious needs from pregnant or parenting teens.

Life Link (Fund No. 28190): Minimum Balance: None
To assist in the assessment of behavior health needs.

School Based Health Center (Fund No. 29130): Minimum Balance: None
To enhance school based health centers infrastructure, develop and implement billing protocols, improve communication with District personnel, families, and outside agencies, and improve behavioral Health programs.

NONMAJOR CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for the acquisition or construction of major capital facilities other than those financed by proprietary funds and trust funds.

Bond Building (Fund No. 31100): Minimum Balance: None
This fund provides financing for construction of buildings, the purchase of equipment, and the acquisition and improvement of land. Funding is provided by the State for general long-term debt principal, interest and related costs.

Special Capital Outlay – State (Fund No. 31400): Minimum Balance: None
This fund provides financing for special appropriation monies received from the State of New Mexico under Chapter 367, Laws of 1993.

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Nonmajor Governmental Funds
For the Year Ended June 30, 2019

Special Capital Outlay – Federal (Fund No. 31500): Minimum Balance: None

To maintain District facilities owned by the Department of Education and operated by Board of Education agencies and transfer these facilities to local agencies where appropriate. These funds are authorized by the Elementary and Secondary Education Act of 1965, Title VIII, Section 8008 as amended.

Capital Improvements SB-9 State Match (Fund No. 31700): Minimum Balance: None

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

Capital Improvements SB-9 Local Sources (Fund No. 31701): Minimum Balance: None

This fund provides financing for the purchase of equipment and capital improvements to District property. Funding is received from a \$2 million property tax levy and interest earned on investments, under New Mexico Senate Bill 9.

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOLS DISTRICT No. 22
Combining Balance Sheet
Nonmajor Governmental Funds
For the Year Ended June 30, 2019**

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
<i>Assets</i>			
Cash and investments	\$ 2,936,231	4,291,390	7,227,621
Restricted cash	-	-	-
Receivables:			
Property taxes	-	35,663	35,663
Due from other governments	3,231,640	4,919	3,236,559
<i>Total assets</i>	<u>\$ 6,167,871</u>	<u>4,331,972</u>	<u>10,499,843</u>
<i>Liabilities, Deferred Inflows of Resources, and Fund Balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ 5,626	-	5,626
Accrued payroll liabilities	111,104	-	111,104
Due to other funds	2,901,824	-	2,901,824
<i>Total liabilities</i>	<u>3,018,554</u>	<u>-</u>	<u>3,018,554</u>
<i>Deferred inflows of resources</i>			
Deferred inflows - property taxes	-	25,568	25,568
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>25,568</u>	<u>25,568</u>
<i>Fund balances</i>			
Restricted for:			
Special revenue funds	3,370,416	-	3,370,416
Capital projects	-	4,306,404	4,306,404
Unassigned	(221,099)	-	(221,099)
<i>Total fund balances</i>	<u>3,149,317</u>	<u>4,306,404</u>	<u>7,455,721</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 6,167,871</u>	<u>4,331,972</u>	<u>10,499,843</u>

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
At June 30, 2019

	Special Revenue Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
<i>Revenues:</i>			
Property taxes	\$ -	1,650,457	1,650,457
Oil and gas taxes	-	4,186	4,186
Intergovernmental- federal grants	9,402,446	465,525	9,867,971
Intergovernmental - state grants	1,314,416	2,347,150	3,661,566
Contributions- private grants	95,603	-	95,603
Charges for services	697,146	-	697,146
Miscellaneous	10,253	23,562	33,815
<i>Total revenues</i>	<u>11,519,864</u>	<u>4,490,880</u>	<u>16,010,744</u>
<i>Expenditures:</i>			
<i>Current:</i>			
Instruction	5,739,402	-	5,739,402
Support services:			-
Students	2,088,377	-	2,088,377
Instruction	1,341,534	-	1,341,534
General administration	385,316	16,431	401,747
School administration	23,895	-	23,895
Central services	77,948	-	77,948
Operation & maintenance of plant	42,026	250,064	292,090
Student transportation	226,307	-	226,307
Food services operations	44,620	-	44,620
Community services	225,869	-	225,869
Capital outlay	204,060	4,212,313	4,416,373
<i>Total expenditures</i>	<u>10,399,354</u>	<u>4,478,808</u>	<u>14,878,162</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,120,510</u>	<u>12,072</u>	<u>1,132,582</u>
<i>Other financing sources (uses)</i>			
Transfers in	-	574,793	574,793
Transfers out	-	(574,793)	(574,793)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	1,120,510	12,072	1,132,582
<i>Fund balance, - beginning</i>	2,028,807	4,294,332	6,323,139
<i>Fund balance - ending</i>	<u>\$ 3,149,317</u>	<u>4,306,404</u>	<u>7,455,721</u>

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2019

	Athletics Fund 22000	Activities Fund 23000	Title I Fund 24101	Entitlement IDEA-B Fund 24106
<i>Assets</i>				
Cash and investments	\$ 167,458	780,792	-	-
Receivables:				
Due from other governments	-	-	1,058,910	678,919
<i>Total assets</i>	<u>\$ 167,458</u>	<u>780,792</u>	<u>1,058,910</u>	<u>678,919</u>
<i>Liabilities and Fund Balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	-	214	1,366
Accrued payroll liabilities	-	-	21,999	23,989
Due to other funds	-	-	1,003,387	507,464
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>1,025,600</u>	<u>532,819</u>
<i>Fund balances</i>				
Restricted for:				
Special revenue funds	167,458	780,792	33,310	146,100
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>167,458</u>	<u>780,792</u>	<u>33,310</u>	<u>146,100</u>
<i>Total liabilities and fund balances</i>	<u>\$ 167,458</u>	<u>780,792</u>	<u>1,058,910</u>	<u>678,919</u>

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2019**

	Preschool IDEA-B Fund 24109	IDEA-B CEIS Fund 24112	21st Century Community Learning Centers Fund 24119	CDC Healthy Schools Fund 24130
<i>Assets</i>				
Cash and investments	\$ -	-	-	-
Receivables:				
Due from other governments	9,500	-	173,323	2,875
<i>Total assets</i>	<u>\$ 9,500</u>	<u>-</u>	<u>173,323</u>	<u>2,875</u>
<i>Liabilities and Fund Balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	-	-	-
Accrued payroll liabilities	43	-	-	-
Due to other funds	20,232	15,066	175,366	2,875
<i>Total liabilities</i>	<u>20,275</u>	<u>15,066</u>	<u>175,366</u>	<u>2,875</u>
<i>Fund balances</i>				
Restricted for:				
Special revenue funds	-	-	-	-
Unassigned	(10,775)	(15,066)	(2,043)	-
<i>Total fund balances</i>	<u>(10,775)</u>	<u>(15,066)</u>	<u>(2,043)</u>	<u>-</u>
<i>Total liabilities and fund balances</i>	<u>\$ 9,500</u>	<u>-</u>	<u>173,323</u>	<u>2,875</u>

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2019

	Title III English Language Fund 24153	Title II Teacher Quality Fund 24154	Title I School Improvement Fund 24162	Carl D Perkins Secondary Fund 24174
<i>Assets</i>				
Cash and investments	\$ -	-	3,187	-
Receivables:				
Due from other governments	133,839	61,002	-	75,454
<i>Total assets</i>	<u>\$ 133,839</u>	<u>61,002</u>	<u>3,187</u>	<u>75,454</u>
<i>Liabilities and Fund Balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	-	-	-
Accrued payroll liabilities	1,479	-	-	-
Due to other funds	148,316	57,982	-	75,454
<i>Total liabilities</i>	<u>149,795</u>	<u>57,982</u>	<u>-</u>	<u>75,454</u>
<i>Fund balances</i>				
Restricted for:				
Special revenue funds	-	3,020	3,187	-
Unassigned	(15,956)	-	-	-
<i>Total fund balances</i>	<u>(15,956)</u>	<u>3,020</u>	<u>3,187</u>	<u>-</u>
<i>Total liabilities and fund balances</i>	<u>\$ 133,839</u>	<u>61,002</u>	<u>3,187</u>	<u>75,454</u>

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2019

	US HHS/CDC School Health Fund <u>24186</u>	SS Academic Achievement Title IV Fund <u>24189</u>	Title I CSI Fund <u>24190</u>	Title I - Direct Student Services Fund <u>24193</u>
<i>Assets</i>				
Cash and investments	\$ -	-	-	-
Receivables:				
Due from other governments	-	31,024	49,380	43,886
<i>Total assets</i>	<u>\$ -</u>	<u>31,024</u>	<u>49,380</u>	<u>43,886</u>
<i>Liabilities and Fund Balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	-	-	-
Accrued payroll liabilities	-	-	-	-
Due to other funds	<u>509</u>	<u>31,024</u>	<u>49,380</u>	<u>43,886</u>
<i>Total liabilities</i>	<u>509</u>	<u>31,024</u>	<u>49,380</u>	<u>43,886</u>
<i>Fund balances</i>				
Restricted for:				
Special revenue funds	-	-	-	-
Unassigned	<u>(509)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total fund balances</i>	<u>(509)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and fund balances</i>	<u>\$ -</u>	<u>31,024</u>	<u>49,380</u>	<u>43,886</u>

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2019**

	Public Health Services Health Education Fund 25122	Johnson O'Malley Fund 25131	Impact Aid Special Education Fund 25145	Title XIX Medicaid Fund 25153
<i>Assets</i>				
Cash and investments	\$ 6,778	-	748,355	928,674
Receivables:				
Due from other governments	-	130,918	-	96,579
<i>Total assets</i>	<u>\$ 6,778</u>	<u>130,918</u>	<u>748,355</u>	<u>1,025,253</u>
<i>Liabilities and Fund Balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	-	-	3,769
Accrued payroll liabilities	-	568	13,384	7,772
Due to other funds	-	190,827	-	-
<i>Total liabilities</i>	<u>-</u>	<u>191,395</u>	<u>13,384</u>	<u>11,541</u>
<i>Fund balances</i>				
Restricted for:				
Special revenue funds	6,778	-	734,971	1,013,712
Unassigned	-	(60,477)	-	-
<i>Total fund balances</i>	<u>6,778</u>	<u>(60,477)</u>	<u>734,971</u>	<u>1,013,712</u>
<i>Total liabilities and fund balances</i>	<u>\$ 6,778</u>	<u>130,918</u>	<u>748,355</u>	<u>1,025,253</u>

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2019**

	Indian Education Formula Grant Fund 25184	Navajo Nation Fund 25201	Gear Up New Mexico State Initiative Fund 25205	Indian Health Services Fund 26157
<i>Assets</i>				
Cash and investments	\$ 167,693	-	-	20,583
Receivables:				
Due from other governments	-	265,660	-	-
<i>Total assets</i>	<u>\$ 167,693</u>	<u>265,660</u>	<u>-</u>	<u>20,583</u>
<i>Liabilities and Fund Balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	-	-	-
Accrued payroll liabilities	13,325	2,850	1,452	168
Due to other funds	-	69,216	60,395	-
<i>Total liabilities</i>	<u>13,325</u>	<u>72,066</u>	<u>61,847</u>	<u>168</u>
<i>Fund balances</i>				
Restricted for:				
Special revenue funds	154,368	193,594	-	20,415
Unassigned	-	-	(61,847)	-
<i>Total fund balances</i>	<u>154,368</u>	<u>193,594</u>	<u>(61,847)</u>	<u>20,415</u>
<i>Total liabilities and fund balances</i>	<u>\$ 167,693</u>	<u>265,660</u>	<u>-</u>	<u>20,583</u>

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2019**

	Dual Credit Instructional Materials Fund 27103	Literacy for Children At Risk Fund 27107	PARCC Readiness Fund 27108	Excellence in Teaching Fund 27125
<i>Assets</i>				
Cash and investments	\$ -	-	66,144	-
Receivables:				
Due from other governments	-	38,636	-	-
<i>Total assets</i>	<u>\$ -</u>	<u>38,636</u>	<u>66,144</u>	<u>-</u>
<i>Liabilities and Fund Balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	277	-	-
Accrued payroll liabilities	-	-	-	-
Due to other funds	-	39,792	-	-
<i>Total liabilities</i>	<u>-</u>	<u>40,069</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Restricted for:				
Special revenue funds	-	-	66,144	-
Unassigned	-	(1,433)	-	-
<i>Total fund balances</i>	<u>-</u>	<u>(1,433)</u>	<u>66,144</u>	<u>-</u>
<i>Total liabilities and fund balances</i>	<u>\$ -</u>	<u>38,636</u>	<u>66,144</u>	<u>-</u>

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2019**

	Pre-K Initiative Fund 27149	Indian Education Act Fund 27150	Breakfast for Elementary Students Fund 27155	2013 School Bus Fund 27178
<i>Assets</i>				
Cash and investments	\$ -	-	-	-
Receivables:				
Due from other governments	380,287	-	1,448	-
<i>Total assets</i>	<u>\$ 380,287</u>	<u>-</u>	<u>1,448</u>	<u>-</u>
<i>Liabilities and Fund Balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	-	-	-
Accrued payroll liabilities	24,075	-	-	-
Due to other funds	364,697	15,159	1,448	4,860
<i>Total liabilities</i>	<u>388,772</u>	<u>15,159</u>	<u>1,448</u>	<u>4,860</u>
<i>Fund balances</i>				
Restricted for:				
Special revenue funds	-	-	-	-
Unassigned	(8,485)	(15,159)	-	(4,860)
<i>Total fund balances</i>	<u>(8,485)</u>	<u>(15,159)</u>	<u>-</u>	<u>(4,860)</u>
<i>Total liabilities and fund balances</i>	<u>\$ 380,287</u>	<u>-</u>	<u>1,448</u>	<u>-</u>

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2019**

	NM Grown Fresh Fruits and Vegetable Fund 27183	NM Highway Department Road Fund 28120	GRADS Child Care Fund 28189	GRADS Instruction Fund 28190
<i>Assets</i>				
Cash and investments	\$ -	-	-	-
Receivables:				
Due from other governments	-	-	-	-
<i>Total assets</i>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Liabilities and Fund Balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	-	-	-
Accrued payroll liabilities	-	-	-	-
Due to other funds	-	2,604	5,172	16,713
<i>Total liabilities</i>	<u>-</u>	<u>2,604</u>	<u>5,172</u>	<u>16,713</u>
<i>Fund balances</i>				
Restricted for:				
Special revenue funds	-	-	-	-
Unassigned	-	(2,604)	(5,172)	(16,713)
<i>Total fund balances</i>	<u>-</u>	<u>(2,604)</u>	<u>(5,172)</u>	<u>(16,713)</u>
<i>Total liabilities and fund balances</i>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2019**

	CYFD- Child and Adult Care Food Program Fund 28201	GRADS Plus Fund 28203	Life Link Fund 29102	School Based Health Center Fund 29130	Total Nonmajor Special Revenue Funds
<i>Assets</i>					
Cash and investments	\$ 29,274	4,934	11,975	384	2,936,231
Receivables:					
Due from other governments	-	-	-	-	3,231,640
<i>Total assets</i>	<u>\$ 29,274</u>	<u>4,934</u>	<u>11,975</u>	<u>384</u>	<u>6,167,871</u>
<i>Liabilities and Fund Balances</i>					
<i>Liabilities</i>					
Accounts payable	\$ -	-	-	-	5,626
Accrued payroll liabilities	-	-	-	-	111,104
Due to other funds	-	-	-	-	2,901,824
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,018,554</u>
<i>Fund balances</i>					
Restricted for:					
Special revenue funds	29,274	4,934	11,975	384	3,370,416
Unassigned	-	-	-	-	(221,099)
<i>Total fund balances</i>	<u>29,274</u>	<u>4,934</u>	<u>11,975</u>	<u>384</u>	<u>3,149,317</u>
<i>Total liabilities and fund balances</i>	<u>\$ 29,274</u>	<u>4,934</u>	<u>11,975</u>	<u>384</u>	<u>6,167,871</u>

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2019

	Athletics Fund 22000	Activities Fund 23000	Title I Fund 24101	Entitlement IDEA-B Fund 24106
<i>Revenues:</i>				
Intergovernmental- federal grants	\$ -	-	2,218,909	1,884,145
Intergovernmental - state grants	-	-	-	-
Contributions- private grants	-	-	-	-
Charges for services	236,486	460,660	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	\$ 236,486	460,660	2,218,909	1,884,145
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	240,615	45,075	1,278,357	896,235
Support services:				
Students	-	-	-	494,820
Instruction	-	-	759,897	188,998
General administration	-	-	134,619	83,094
School administration	-	600	2,639	-
Central services	-	-	-	57,832
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	17,066
Other support operations	-	-	-	-
Food services operations				
Community services	-	-	10,087	-
Capital outlay	-	7,199	-	-
<i>Total expenditures</i>	240,615	52,874	2,185,599	1,738,045
<i>Excess (deficiency) of revenues over expenditures</i>	(4,129)	407,786	33,310	146,100
<i>Net change in fund balance</i>	(4,129)	407,786	33,310	146,100
<i>Fund balance - beginning</i>	171,587	373,006	-	-
<i>Fund balance - ending</i>	\$ 167,458	780,792	33,310	146,100

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2019

	Preschool IDEA-B Fund 24109	IDEA-B CEIS Fund 24112	21st Century Community Learning Centers Fund 24119	CDC Healthy Schools Fund 24130
<i>Revenues:</i>				
Intergovernmental- federal grants	\$ 48,658	(15,066)	476,681	3,729
Intergovernmental - state grants	-	-	-	-
Contributions- private grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>\$ 48,658</u>	<u>(15,066)</u>	<u>476,681</u>	<u>3,729</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	1,300	-	417,959	1,286
Support services:				
Students	-	-	-	-
Instruction	-	-	-	2,443
General administration	4,087	-	23,171	-
School administration	-	-	17,156	-
Central services	-	-	20,116	-
Operation & maintenance of plant	-	-	-	-
Student transportation	54,046	-	-	-
Other support operations	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	322	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>59,433</u>	<u>-</u>	<u>478,724</u>	<u>3,729</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(10,775)</u>	<u>(15,066)</u>	<u>(2,043)</u>	<u>-</u>
<i>Net change in fund balance</i>	(10,775)	(15,066)	(2,043)	-
<i>Fund balance - beginning</i>	-	-	-	-
<i>Fund balance - ending</i>	<u>\$ (10,775)</u>	<u>(15,066)</u>	<u>(2,043)</u>	<u>-</u>

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2019

	Title III English Language Fund 24153	Title II Teacher Quality Fund 24154	Title I School Improvement Fund 24162	Carl D Perkins Secondary Fund 24174
<i>Revenues:</i>				
Intergovernmental- federal grants	\$ 165,870	314,029	3,187	75,454
Intergovernmental - state grants	-	-	-	-
Contributions- private grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>\$ 165,870</u>	<u>314,029</u>	<u>3,187</u>	<u>75,454</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	117,260	237,298	-	16,340
Support services:				
Students	-	-	-	-
Instruction	51,228	57,053	-	-
General administration	9,838	16,658	-	2,694
School administration	3,500	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support operations	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	56,420
<i>Total expenditures</i>	<u>181,826</u>	<u>311,009</u>	<u>-</u>	<u>75,454</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(15,956)</u>	<u>3,020</u>	<u>3,187</u>	<u>-</u>
<i>Net change in fund balance</i>	(15,956)	3,020	3,187	-
<i>Fund balance - beginning</i>	-	-	-	-
<i>Fund balance - ending</i>	<u>\$ (15,956)</u>	<u>3,020</u>	<u>3,187</u>	<u>-</u>

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2019**

	USHHS/CDC School Health Fund 24186	SS Academic Achievement Title IV Fund 24189	Title I CSI Fund 24190	Title I- Direct Student Services Fund 24193
<i>Revenues:</i>				
Intergovernmental- federal grants	\$ -	34,667	143,960	96,002
Intergovernmental - state grants	-	-	-	-
Contributions- private grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>\$ -</u>	<u>34,667</u>	<u>143,960</u>	<u>96,002</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	509	33,301	135,238	91,308
<i>Support services:</i>				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	1,366	8,722	2,464
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	2,230
Other support operations	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>509</u>	<u>34,667</u>	<u>143,960</u>	<u>96,002</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(509)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	(509)	-	-	-
<i>Fund balance - beginning</i>	-	-	-	-
<i>Fund balance - ending</i>	<u>\$ (509)</u>	<u>-</u>	<u>-</u>	<u>-</u>

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2019

	Public Health Services Health Education Fund 25122	Johnson O'Malley Fund 25131	Impact Aid Special Education Fund 25145	Title XIX Medicaid Fund 25153
<i>Revenues:</i>				
Intergovernmental- federal grants	\$ -	210,088	1,209,741	804,577
Intergovernmental - state grants	-	-	-	-
Contributions- private grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>\$ -</u>	<u>210,088</u>	<u>1,209,741</u>	<u>804,577</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	193,237	199,689	-
Support services:				
Students	-	10,254	352,844	733,231
Instruction	-	44,404	-	-
General administration	-	13,697	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	329	-
Other support operations	-	-	-	-
Food services operations	-	-	-	-
Community services	-	8,973	-	-
Capital outlay	-	-	-	118,191
<i>Total expenditures</i>	<u>-</u>	<u>270,565</u>	<u>552,862</u>	<u>851,422</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(60,477)</u>	<u>656,879</u>	<u>(46,845)</u>
<i>Net change in fund balance</i>	-	(60,477)	656,879	(46,845)
<i>Fund balance - beginning</i>	6,778	-	78,092	1,060,557
<i>Fund balance - ending</i>	<u>\$ 6,778</u>	<u>(60,477)</u>	<u>734,971</u>	<u>1,013,712</u>

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2019

	Indian Education Formula Grant Fund 25184	Navajo Nation Fund 25201	Gear Up New Mexico State Initiative Fund 25205	Indian Health Services Fund 26157
<i>Revenues:</i>				
Intergovernmental- federal grants	\$ 1,085,000	477,355	165,460	-
Intergovernmental - state grants	-	-	-	-
Contributions- private grants	-	-	-	95,603
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>\$ 1,085,000</u>	<u>477,355</u>	<u>165,460</u>	<u>95,603</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	841,084	-	75,881	49,964
Support services:				
Students	8,115	231,686	138,370	25,224
Instruction	158,710	-	-	-
General administration	44,730	14,375	13,056	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support operations	-	-	-	-
Food services operations	-	-	-	-
Community services	-	161,157	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>1,052,639</u>	<u>407,218</u>	<u>227,307</u>	<u>75,188</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>32,361</u>	<u>70,137</u>	<u>(61,847)</u>	<u>20,415</u>
<i>Net change in fund balance</i>	32,361	70,137	(61,847)	20,415
<i>Fund balance - beginning</i>	122,007	123,457	-	-
<i>Fund balance - ending</i>	<u>\$ 154,368</u>	<u>193,594</u>	<u>(61,847)</u>	<u>20,415</u>

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2019**

	Dual Credit Instructional Materials Fund 27103	Literacy for Children At Risk Fund 27107	PARCC Readiness Fund 27108	Excellence in Teaching Fund 27125
<i>Revenues:</i>				
Intergovernmental- federal grants	\$ -	-	-	-
Intergovernmental - state grants	13,120	38,636	-	42,995
Contributions- private grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>\$ 13,120</u>	<u>38,636</u>	<u>-</u>	<u>42,995</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	13,120	-	-	42,995
Support services:				
Students	-	-	-	-
Instruction	-	40,069	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support operations	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>13,120</u>	<u>40,069</u>	<u>-</u>	<u>42,995</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(1,433)</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	(1,433)	-	-
<i>Fund balance - beginning</i>	-	-	66,144	-
<i>Fund balance - ending</i>	<u>\$ -</u>	<u>(1,433)</u>	<u>66,144</u>	<u>-</u>

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2019

	Pre-K Initiative Fund 27149	Indian Education Act Fund 27150	Breakfast for Elementary Students Fund 27155	2013 School Bus Fund 27178
<i>Revenues:</i>				
Intergovernmental- federal grants	\$ -	-	-	-
Intergovernmental - state grants	1,075,103	(15,159)	40,022	(4,860)
Contributions- private grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>\$ 1,075,103</u>	<u>(15,159)</u>	<u>40,022</u>	<u>(4,860)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	791,556	-	-	-
Support services:				
Students	88,499	-	-	-
Instruction	38,732	-	-	-
General administration	12,165	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	152,636	-	-	-
Other support operations	-	-	-	-
Food services operations	-	-	40,022	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>1,083,588</u>	<u>-</u>	<u>40,022</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(8,485)</u>	<u>(15,159)</u>	<u>-</u>	<u>(4,860)</u>
<i>Net change in fund balance</i>	(8,485)	(15,159)	-	(4,860)
<i>Fund balance - beginning</i>	-	-	-	-
<i>Fund balance - ending</i>	<u>\$ (8,485)</u>	<u>(15,159)</u>	<u>-</u>	<u>(4,860)</u>

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2019

	NM Grown Fresh Fruits and Vegetable Fund 27183	NM Highway Department Road Fund 28120	GRADS Child Care Fund 28189	GRADS Instruction Fund 28190
<i>Revenues:</i>				
Intergovernmental- federal grants	\$ -	-	-	-
Intergovernmental - state grants	4,598	61,672	(5,172)	(12,846)
Contributions- private grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
<i>Total revenues</i>	<u>\$ 4,598</u>	<u>61,672</u>	<u>(5,172)</u>	<u>(12,846)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	3,680
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	187
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	42,026	-	-
Student transportation	-	-	-	-
Other support operations	-	-	-	-
Food services operations	4,598	-	-	-
Community services	-	-	-	-
Capital outlay	-	22,250	-	-
<i>Total expenditures</i>	<u>4,598</u>	<u>64,276</u>	<u>-</u>	<u>3,867</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(2,604)</u>	<u>(5,172)</u>	<u>(16,713)</u>
<i>Net change in fund balance</i>	-	(2,604)	(5,172)	(16,713)
<i>Fund balance - beginning</i>	-	-	-	-
<i>Fund balance - ending</i>	<u>\$ -</u>	<u>(2,604)</u>	<u>(5,172)</u>	<u>(16,713)</u>

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2019**

	CYFD- Child and Adult Care Food Program Fund 28201	GRADS Plus Fund 28203	Life Link Fund 29102	School Based Health Center Fund 29130	Total Nonmajor Special Revenue Funds
<i>Revenues:</i>					
Intergovernmental- federal grants	\$ -	-	-	-	9,402,446
Intergovernmental - state grants	61,597	14,710	-	-	1,314,416
Contributions- private grants	-	-	-	-	95,603
Charges for services	-	-	-	-	697,146
Miscellaneous	-	-	10,253	-	10,253
<i>Total revenues</i>	<u>\$ 61,597</u>	<u>14,710</u>	<u>10,253</u>	<u>-</u>	<u>11,519,864</u>
<i>Expenditures:</i>					
<i>Current:</i>					
Instruction	-	9,383	6,732	-	5,739,402
Support services:					
Students	-	-	56	5,278	2,088,377
Instruction	-	-	-	-	1,341,534
General administration	-	393	-	-	385,316
School administration	-	-	-	-	23,895
Central services	-	-	-	-	77,948
Operation & maintenance of plant	-	-	-	-	42,026
Student transportation	-	-	-	-	226,307
Other support operations	-	-	-	-	-
Food services operations	-	-	-	-	44,620
Community services	40,505	-	4,825	-	225,869
Capital outlay	-	-	-	-	204,060
<i>Total expenditures</i>	<u>40,505</u>	<u>9,776</u>	<u>11,613</u>	<u>5,278</u>	<u>10,399,354</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>21,092</u>	<u>4,934</u>	<u>(1,360)</u>	<u>(5,278)</u>	<u>1,120,510</u>
<i>Net change in fund balance</i>	21,092	4,934	(1,360)	(5,278)	1,120,510
<i>Fund balance - beginning</i>	8,182	-	13,335	5,662	2,028,807
<i>Fund balance - ending</i>	<u>\$ 29,274</u>	<u>4,934</u>	<u>11,975</u>	<u>384</u>	<u>3,149,317</u>

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Combining Balance Sheet
Nonmajor Capital Project Funds
June 30, 2019**

	Bond Building 31100	Special Capital Outlay State 31400	Special Capital Outlay Federal 31500	Capital Improvement SB9- State 31700	Capital Improvement SB9- Local 31701	Total Nonmajor Capital Projects Funds
<i>Assets</i>						
Cash and investments	\$ 246,556	-	1,258,091	-	2,786,743	4,291,390
Receivables:						
Property taxes	-	-	-	-	35,663	35,663
Due from other governments	-	-	-	-	4,919	4,919
<i>Total assets</i>	<u>246,556</u>	<u>-</u>	<u>1,258,091</u>	<u>-</u>	<u>2,827,325</u>	<u>4,331,972</u>
<i>Liabilities, Deferred Inflows of Resources, and Fund Balances</i>						
<i>Liabilities</i>						
Accounts payable	\$ -	-	-	-	-	-
Accrued payroll liabilities	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Deferred inflows of resources</i>						
Deferred inflows - property taxes	-	-	-	-	25,568	25,568
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,568</u>	<u>25,568</u>
<i>Fund balances</i>						
Restricted for:						
Special revenue funds	-	-	-	-	-	-
Capital projects	246,556	-	1,258,091	-	2,801,757	4,306,404
Debt service fund	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<i>Total fund balances</i>	<u>246,556</u>	<u>-</u>	<u>1,258,091</u>	<u>-</u>	<u>2,801,757</u>	<u>4,306,404</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 246,556</u>	<u>-</u>	<u>1,258,091</u>	<u>-</u>	<u>2,827,325</u>	<u>4,331,972</u>

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Project Funds
For the Year Ended June 30, 2019

	Bond Building Fund 31100	Special Capital Outlay State Fund 31400	Special Capital Outlay Federal Fund 31500	Capital Improvement SB9- State Fund 31700	Capital Improvement SB9- Local Fund 31701	Total Nonmajor Capital Projects Funds
<i>Revenues:</i>						
Property taxes	\$ -	-	-	-	1,650,457	1,650,457
Oil and gas taxes	-	-	-	-	4,186	4,186
Intergovernmental- federal grants	-	-	465,525	-	-	465,525
Intergovernmental - state grants	222,994	-	-	230,932	1,893,224	2,347,150
Contributions- private grants	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Miscellaneous	23,562	-	-	-	-	23,562
<i>Total revenues</i>	<u>246,556</u>	<u>-</u>	<u>465,525</u>	<u>230,932</u>	<u>3,547,867</u>	<u>4,490,880</u>
<i>Expenditures:</i>						
<i>Current:</i>						
Instruction	\$ -	-	-	-	-	-
<i>Support services:</i>						
Students	-	-	-	-	-	-
Instruction	-	-	-	-	-	-
General administration	-	-	-	-	16,431	16,431
School administration	-	-	-	-	-	-
Central services	-	-	-	-	-	-
Operation & maintenance of plant	-	-	1,432	-	248,632	250,064
Student transportation	-	-	-	-	-	-
Food services operations	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Capital outlay	1,022,744	-	23,361	230,932	2,935,276	4,212,313
<i>Total expenditures</i>	<u>1,022,744</u>	<u>-</u>	<u>24,793</u>	<u>230,932</u>	<u>3,200,339</u>	<u>4,478,808</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(776,188)</u>	<u>-</u>	<u>440,732</u>	<u>-</u>	<u>347,528</u>	<u>12,072</u>
<i>Other financing sources (uses)</i>						
Transfers in	-	-	-	-	574,793	574,793
Transfers out	-	-	-	(574,793)	-	(574,793)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(574,793)</u>	<u>574,793</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>(776,188)</u>	<u>-</u>	<u>440,732</u>	<u>(574,793)</u>	<u>922,321</u>	<u>12,072</u>
<i>Fund balance, - beginning</i>	<u>1,022,744</u>	<u>-</u>	<u>817,359</u>	<u>574,793</u>	<u>1,879,436</u>	<u>4,294,332</u>
<i>Fund balance - ending</i>	<u>\$ 246,556</u>	<u>-</u>	<u>1,258,091</u>	<u>-</u>	<u>2,801,757</u>	<u>4,306,404</u>

SUPPORTING SCHEDULES

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2019**

<u>Assets</u>	<u>Balance June 30, 2018</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2019</u>
Cash and Cash Equivalents:				
Central Activities - District	\$ 105,228	46,148	(47,426)	103,950
Career Prep High School	4,904	138	(278)	4,764
Eva B Stokely Elementary School	12,238	5,712	(7,155)	10,795
Judy Nelson Elementary School	32,082	7,673	(9,347)	30,408
Kirtland Central High School	247,551	114,796	(119,360)	242,987
Kirtland Elementary School	83,983	30,389	(30,175)	84,197
Mesa Elementary School	22,265	2,997	(1,156)	24,106
Naschitti Elementary School	2,657	265	(610)	2,312
Newcomb Elementary School	3,263	4,083	(4,896)	2,450
Kirtland Early Child Center	1,809	457	(306)	1,960
Newcomb High School	73,471	89,009	(78,390)	84,090
Newcome Middle School	22,541	10,769	(11,133)	22,177
Nizhoni Elementary School	8,837	16,599	(12,328)	13,108
Ojo Amarillo Elementary School	10,314	7,693	(9,362)	8,645
Shiprock High School	117,493	119,314	(100,586)	136,221
Tse Bi Tai Middle School	43,756	51,397	(41,311)	53,842
Kirtland Middle School	57,774	44,193	(44,088)	57,879
Natanni Nez Elementary School	14,405	-	-	14,405
Total all schools	\$ 864,571	551,632	(517,907)	898,296

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Schedule of Collateral Pledged by Depository for Public Funds
June 30, 2019**

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market June 30, 2019</u>
Wells Fargo				
	FNMA FNMS 2.500%	6/1/2031	3138WHCJ9	\$ 6,941,206
	FNMA FNMS 3.500%	6/1/2047	3138WK4P7	10,460,165
			Total Wells Fargo	<u><u>17,401,371</u></u>

Name and location of safekeeper for the about pledged collateral:
Bank of New York Mellon in New York, NY.

Bank of the Southwest

FHLB LOC	12/5/2019	175,000
FHLB LOC	9/3/2019	50,000
FHLB LOC	2/4/2019	100,000
FHLB LOC	6/3/2019	25,000
	Total Bank of the Southwest	<u><u>350,000</u></u>

Name and location of safekeeper for the about pledged collateral:
Federal Home Loan Bank in Dallas, TX.

Total collateral pledged \$ 17,751,371

State of New Mexico

Detail of the pledged collateral to the District is unavailable because the bank commingles pledged collateral for all state funds it holds. However, the State Treasurer's Office Collateral Bureau monitors the pledged collateral for all funds held by the State of New Mexico.

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Schedule of Deposits and Investments
June 30, 2019**

<u>Bank Account Type / Name</u>	<u>Wells Fargo</u>	<u>Bank of the Southwest</u>	<u>New Mexico Finance Authority</u>	<u>Total</u>
Cash Deposits				
Checking - Operating	\$ 12,888,944	425,832	-	13,314,776
Checking - Savings	15,567,482	-	-	15,567,482
Checking - Activities	487,113	434,063	-	921,176
Checking - Payroll Clearing	-	-	-	-
Checking - Accounts Payable Clearing	-	-	-	-
Debt Service Reserve	-	-	786,511	786,511
Total deposits	<u>28,943,539</u>	<u>859,895</u>	<u>786,511</u>	<u>30,589,945</u>
Reconciling items	<u>(2,987,952)</u>	<u>-</u>	<u>-</u>	<u>(2,987,952)</u>
Plus: Cash on hand				<u>100</u>
Reconciled balance at June 30, 2019	<u>\$ 25,955,587</u>	<u>859,895</u>	<u>786,511</u>	<u>27,602,093</u>

Reconciliation to financial statements:

Cash and cash equivalents:

Government-wide statement of net position

25,917,286

Restricted cash and cash equivalents:

Government-wide statement of net position

786,511

Statement of fiduciary assets and liabilities

898,296

Cash and cash equivalents per Financial Statements \$ 27,602,093

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Cash Reconciliation
June 30, 2019**

	<u>Operational 11000</u>	<u>Teacherage 12000</u>	<u>Transportation 13000</u>	<u>Instructional Materials 14000</u>
Audited Cash June 30, 2018	\$ 8,725,262	573,560	844	313,588
Add:				
2018-2019 receipts	<u>51,586,698</u>	<u>609,178</u>	<u>2,253,230</u>	<u>195,620</u>
Total Cash Available	<u>60,311,960</u>	<u>1,182,738</u>	<u>2,254,074</u>	<u>509,208</u>
Less:				
2018-2019 expenditures	<u>(55,066,195)</u>	<u>(218,904)</u>	<u>(2,235,260)</u>	<u>(16,164)</u>
Total Cash	<u>(55,066,195)</u>	<u>(218,904)</u>	<u>(2,235,260)</u>	<u>(16,164)</u>
Add / Less other reconciling items:				
Change in outstanding loans	(400,584)	-	-	-
Change in liabilities/adjustments	<u>3,344</u>	<u>5,780</u>	<u>(154)</u>	<u>-</u>
Cash per financial statements	<u>\$ 4,848,525</u>	<u>969,614</u>	<u>18,660</u>	<u>493,044</u>

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Cash Reconciliation
June 30, 2019**

	<u>Food Services 21000</u>	<u>Athletics 22000</u>	<u>Non-Instructional Support 23000</u>	<u>Federal Flowthrough 24000</u>
Audited Cash				
June 30, 2018	\$ 2,873,872	171,548	373,140	-
Add:				
2018-2019 receipts	<u>3,287,083</u>	<u>236,487</u>	<u>460,660</u>	<u>4,911,867</u>
Total Cash Available	<u>6,160,955</u>	<u>408,035</u>	<u>833,800</u>	<u>4,911,867</u>
Less:				
2018-2019 expenditures	<u>(3,308,460)</u>	<u>(240,615)</u>	<u>(52,873)</u>	<u>(5,308,422)</u>
Total Cash	<u>(3,308,460)</u>	<u>(240,615)</u>	<u>(52,873)</u>	<u>(5,308,422)</u>
Add / Less other reconciling items:				
Change in outstanding loans	1,465	39	-	414,700
Change in liabilities/adjustments	<u>2,849</u>	<u>-</u>	<u>(135)</u>	<u>(14,862)</u>
Cash per financial statements	<u>\$ 2,856,809</u>	<u>167,459</u>	<u>780,792</u>	<u>3,283</u>

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Cash Reconciliation
June 30, 2019**

	Federal Direct 25000	Local Grants 26000	State Flowthrough 27000	State Direct 28000
Audited Cash June 30, 2018	\$ 5,709,340	-	66,144	8,244
Add:				
2018-2019 receipts	9,875,514	99,000	1,203,854	145,583
Total Cash Available	<u>15,584,854</u>	<u>99,000</u>	<u>1,269,998</u>	<u>153,827</u>
Less:				
2018-2019 expenditures	(8,318,892)	(75,436)	(1,224,494)	(118,423)
Total Cash	<u>(8,318,892)</u>	<u>(75,436)</u>	<u>(1,224,494)</u>	<u>(118,423)</u>
Add / Less other reconciling items:				
Change in outstanding loans	(41,618)	(7,631)	34,762	(1,133)
Change in liabilities/adjustments	(19,606)	4,650	(14,123)	(63)
Cash per financial statements	<u>\$ 7,204,738</u>	<u>20,583</u>	<u>66,143</u>	<u>34,208</u>

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Cash Reconciliation
June 30, 2019**

	Local or State 29000	Bond Building 31100	Public School Capital Outlay 31200	Special Capital Outlay Federal 31500
Audited Cash				
June 30, 2018	\$ 19,029	1,022,744	-	817,359
Add:				
2018-2019 receipts	10,253	246,556	-	465,525
Total Cash Available	<u>29,282</u>	<u>1,269,300</u>	<u>-</u>	<u>1,282,884</u>
Less:				
2018-2019 expenditures	(16,891)	(1,022,744)	-	(24,793)
Total Cash	<u>(16,891)</u>	<u>(1,022,744)</u>	<u>-</u>	<u>(24,793)</u>
Add / Less other reconciling items:				
Change in outstanding loans	-	-	-	-
Change in liabilities/adjustments	(33)	-	-	-
Cash per financial statements	<u>\$ 12,358</u>	<u>246,556</u>	<u>-</u>	<u>1,258,091</u>

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Cash Reconciliation
June 30, 2019**

	Capital Improvements SB-9 31700	Capital Improvements SB-9 Local 31701	Debt Service 41000	Total
Audited Cash				
June 30, 2018	\$ 574,793	2,169,263	4,459,221	27,877,951
Add:				
2018-2019 receipts	230,932	1,648,192	5,629,869	83,096,101
Total Cash Available	<u>805,725</u>	<u>3,817,455</u>	<u>10,089,090</u>	<u>110,974,052</u>
Less:				
2018-2019 expenditures	(230,932)	(1,605,505)	(5,152,899)	(84,237,902)
Total Cash	<u>(230,932)</u>	<u>(1,605,505)</u>	<u>(5,152,899)</u>	<u>(84,237,902)</u>
Add / Less other reconciling items:				
Change in outstanding loans	-	-	-	-
Change in liabilities/adjustments	(574,793)	574,793	-	(32,353)
Cash per financial statements	\$ <u>-</u>	<u>2,786,743</u>	<u>4,936,191</u>	<u>26,703,797</u>

COMPLIANCE SECTION



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

Brian Colón, New Mexico State Auditor
To the Board of Education of
Central Consolidated School District
Shiprock, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and the major special revenue funds of the Central Consolidated School District, (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated November 13, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-003 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2019-003.

We noted certain matters that are required to be reported under Section 12-6-5 NMSA 1978, that we have described in the schedule of findings and questioned costs as items 2019-001, 2019-002, and 2019-005.

The District's Response to the Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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.



Hinkle + Landers, P.C.
Albuquerque, NM 87102
November 13, 2019

FEDERAL FINANCIAL ASSISTANCE



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

Brian Colón, New Mexico State Auditor
To the Board of Education of
Central Consolidated School District
Shiprock, New Mexico

Report on Compliance for Each Major Federal Program

We have audited the Central Consolidated School District (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2019. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditors’ Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2019-003 and 2019-004, that we consider to be significant deficiencies.

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



Hinkle + Landers, P.C.
Albuquerque, NM
November 13, 2019

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor/Program Title Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through		Cluster Program	Federal Expenditures
		Entity Identifying Number	Passed To Subrecipients		
U.S. Department of Agriculture					
Pass-through State of New Mexico Department of Education					
<u>Child Nutrition Cluster:</u>	*				\$
USDA School Breakfast Program	10.553	21000		812,172	
USDA National School Lunch Program	10.555	21000		2,332,337	
USDA School Breakfast Program	10.559	21000		164,525	
Total Child Nutrition Cluster					3,309,034
Pass-through from the New Mexico Human Service Department					
USDA Commodities Program	10.565	21000			307,144
Total U.S. Department of Agriculture					3,616,178
U.S. Department of the Interior					
Passed through the Office of the Navajo Nation					
Johnson O'Malley	15.130	25131			270,564
Total U.S. Department of the Interior					270,564
U.S. Department of Education					
Direct Awards					
P.L. 81-874 Facilities Maintenance	84.040	31500			24,793
Impact Aid Indian Education	* 84.041	11000			24,176,548
Impact Aid Special Education	* 84.041	25145			552,862
Impact Aid Indian Education	* 84.041	25147			4,898,798
Indian Ed Formula Grant	84.060	25184			1,052,639
Navajo Nations	84.410	25201			407,218
Gear Up New Mexico State Initiatives	84.334	25205			227,307
Total Direct Awards					31,340,165
Pass-through State of New Mexico Department of Education					
<u>Special Education (IDEA) Cluster:</u>					
Entitlement IDEA-B	* 84.027	24106		1,738,045	
Preschool IDEA-B	* 84.173	24109		59,433	
Total Special Education (IDEA) Cluster					1,797,478
Title I	* 84.010	24101			2,185,600
Title I - Comprehensive Support and Improvement (CSI)	* 84.010	24190			143,960
Title I - Direct Student Services	* 84.010	24193			96,002
Carl D Perkins Secondary	84.048	24174			75,454
21st Century Community Learning Centers	84.287	24119			478,724
Title III English Language	84.365	24153			181,826
Title II Teacher Quality	84.367	24154			311,010
Student Support Academic Achievement Title IV	84.424	24189			34,667
Total U.S. Department of Education					36,644,886
U.S. Department of Health and Human Services					
Pass-through New Mexico Department of Health					
Cooperative Agreements to Promote Adolescent Health through School	93.079	24186			509
Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	93.981	24130			3,729
Total U.S. Department of Health and Human Services					4,238
Total Expenditures of Federal Awards					\$ 40,535,866

* = Denotes major program

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019**

Reconciliation of Federal Revenues to Federal Expenditures

Federal grant revenue per fund financials	\$ 44,019,551
Child Nutrition Cluster (fund 21000)- USDA reimbursement in excess of actual federal expenditures	(314,724)
Impact Aid -Special Education (fund 25145) excess of federal award revenue over expenditures	(656,879)
Impact Aid (fund 25147) excess of federal award revenue over expenditures	(1,145,331)
Title XIX Medicaid revenues (fund 25153)	(804,577)
Indian Education Formula Grant (fund 25184) excess of federal award revenue over expenditures	(32,361)
Navajo Nation (fund 25201) excess of federal award revenue over expenditures	(70,137)
P.L. 81-87 4 Facilities Maintenance (fund 31500) excess federal award revenue over expenditures	(440,732)
Current year corrections and adjustments to other federal awards	(18,944)
Federal expenditures per SEFA	<u>40,535,866</u>
Difference	<u>\$ -</u>

Notes to Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant expenditure activity of the Central Consolidated School District and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with 2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and Auditor Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

Note 2 - Non-Cash Federal Assistance

The District receives USDA Commodities for use in sponsoring the National School Lunch program. The value of received for the year ended June 30, 2019 was \$307,144 and is reported in the Schedule of Expenditures of Federal under the Department of Agriculture Commodities program, CFDA number 10.555. Commodities are recorded as revenues and expenditures in the food service fund.

Note 3 - Subrecipients

The District did not provide any federal awards to subrecipients during the year.

Note 4 - Federal Insurance

The District did not have federally funded insurance during the year ending June 30, 2019.

Note 5 - Indirect Cost Rate

The District has a negotiated indirect cost rate and, therefore, did not use the 10% de minimis indirect cost rate.

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No.22
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

SECTION I—SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of report independent auditor issued on financial statements: **Unmodified**

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? Yes No
- Noncompliance material to the financial statements noted? Yes No

Federal Awards

Type of opinion independent auditor issued on compliance for major federal awards: **Unmodified**

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? Yes No

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR section 200.516(a) Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Programs or Cluster</u>	<u>Funding Source</u>
10.553/10.555/10.559 84.010	Child Nutrition Cluster Title I	US Department of Agriculture US Department of Education
84.027/84.173 84.041	IDEA-B Cluster Impact Aid	US Department of Education

Dollar threshold used to distinguish between type A and type B programs: \$1,216,076

Auditee qualified as low-risk auditee? Yes No

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No.22
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Reference #	Finding	Status of Current and Prior Year Findings	Type of Finding*
Prior Year Findings			
2018-001	Budget Line Item Over Expended	Resolved	G
2018-002	Background Check	Resolved	G
2018-003	Unauthorized Temporary Inter-fund Loans	Resolved	C
Current Year Findings			
District			
2019-001	Financial Close and Reporting	Current	C
2019-002	Controls Over Payroll	Current	C
2019-003	Activities Allowed or Unallowed and Allowable Costs/Cost Principles	Current	B,E,F
2019-004	Suspension and Debarment	Current	E
2019-005	Budgetary Conditions	Current	C, G

* Legend for Type of Findings

- A.** Material Weakness in Internal Control Over Financial Reporting
- B.** Significant Deficiency in Internal Control Over Financial Reporting
- C.** Finding that Does Not Rise to the Level of a Significant Deficiency (Other Matters) Involving Internal Control Over Financial Reporting
- D.** Material Weakness in Internal Control Over Compliance of Federal Awards
- E.** Significant Deficiency in Internal Control Over Compliance of Federal Awards
- F.** Instance of Noncompliance related to Federal Awards
- G.** Non-compliance with State Audit Rule, NM State Statutes, NMAC, or other entity compliance
- H.** Instance of Material Non-compliance

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No.22
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

CURRENT YEAR FINDINGS

2019-001 – FINANCIAL CLOSE AND REPORTING

Type of Finding: C (Other Matters)

Statement of Condition

The District did not record accounts receivable based on actual requests for reimbursements outstanding at year-end. As a result, the following cost reimbursement funds that should have no fund balance have fund balances or deficits at year-end:

- Title I (fund 24101)
- Entitlement IDEA-B (fund 24106)
- Preschool IDEA-B (fund 24109)
- IDEA-B CEIS (fund 24112)
- 21st Century Learning Centers (fund 24119)
- Title III English Language (fund 24153)
- Title II Teacher Quality Fund (fund 24154)
- Title I School Improvement (fund 24162)
- US HHS/CDC School Health (fund 24186)
- Johnson O'Malley (fund 25131)
- Gear Up New Mexico State Initiative (fund 25205)
- Indian Health Services (fund 26157)
- Literacy for Children at Risk (fund 27107)
- Pre-K Initiative (fund 27149)
- Indian Education Act (fund 27150)
- 2013 School Bus (fund 27178)
- NM Highway Department Roads (fund 28120)
- GRADS Child Care (fund 28189)
- GRADS Instruction (fund 28190)
- GRADS Plus (fund 28203)

Criteria

6.20.2.11 NMAC Internal Control Structure Standards:

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

Effect

Adjustments were needed to record revenues and receivables based on the actual requests for reimbursements outstanding at year-end. Not originally recording revenues and accounts receivable in accordance with actual requests for reimbursements has caused the need for additional reconciliation and investigation of the funds listed above.

Cause

The District does not have internal controls designed and implemented to ensure revenues and accounts receivable are recorded based on actual requests for reimbursements.

Recommendation

Implement procedures to ensure that revenues and accounts receivable are recorded based on actual requests for reimbursements.

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No.22
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

View of Responsible Officials

The Director of Finance will work with the Grants Accounting to implement an internal tracking system, using a master excel file, to record actual revenues and receivables based on Requests for Reimbursements (RFRs) outstanding at year end. This will allow the District to have adjusting journal entries ready for year end.

Anticipated Completion Date for Corrective Action Plan: End of fiscal year 2019

Designation of Employee Position Responsible for Meeting This Deadline: Director of Finance

2019-002—REVIEW OF PAYROLL TRANSACTION CYCLE

Type of Finding: C (Other Matters)

Statement of Condition

During our process of understanding the entity and its environment, we noted the following per our walk-through of payroll:

In addition to processing the payroll, the payroll specialist can edit the payroll master file in the following areas:

- change pay-rate
- change address
- add a new employee

Other mitigating or compensating controls exist since payroll registers are reviewed by the finance director and management also has budget controls in place monitor what reasonable payroll expense should be, therefore per our risk assessment, this issue is not considered a material weakness, but should be addressed.

Criteria

6.20.2.11 NMAC Internal Control Structure Standards:

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

B. Each school district shall develop, establish and maintain a structure of internal accounting controls and written procedures to provide for segregation of duties, a system of authorization and recording procedures, and sound accounting practices in performance of duties and functions. The duties to be segregated are the authorization to execute a transaction, recording the transaction, and custody of assets involved in the transaction.

Effect

Employees could be being paid at a higher or lower rate than was approved, fraudulent adjustments to pay rates could be made, or employees that don't exist could be entered into payroll system.

Cause

The District has not adequately assessed the risks related with lack of segregation of duties or other mitigating controls in the payroll department.

Recommendation

The District should review the controls over the ability for the payroll department to edit the master files for individuals in payroll and determine whether further segregation of duties is needed or the addition of compensating or mitigating controls are designed and implemented. Additionally, the District should ensure that adequate source documentation is maintained to support employee pay rates.

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No.22
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

View of Responsible Officials

The Director of Finance will work with our IT department to immediately restrict access to the Payroll Specialist role within our accounting system. This will ensure the user role is unable to edit the payroll master file in terms of pay rate, address and adding/deleting positions. This can be accomplished using our current change request process for our accounting system.

Anticipated Completion Date for Corrective Action Plan: November 2019

Designation of Employee Position Responsible for Meeting This Deadline: Director of Finance

2019-003—ACTIVITIES ALLOWED or UNALLOWED AND ALLOWABLE COSTS/COST PRINCIPLES

Type of Finding: B, E, F

Federal program information:

Federal Agency: US Department of Education

Program Name: Title I and Special Education (IDEA) Cluster

Compliance Requirement: Activities allowed or unallowed and Allowable Costs/Cost Principles

Questioned Costs: \$46,180 for Title I and \$12,441 for IDEA Cluster

CFDA Number: 84.010 and 84.027

Statistical Sampling: One out of twenty-five non-payroll disbursements for Title I and One out of twenty-five non-payroll disbursements for the IDEA Cluster.

Statement of Condition

Expenditures were not adequately supported and not recorded in accordance with established policies and procedures. We noted the following:

- One indirect cost expenditure in the amount of \$36,799 did not have source documentation to support the amount charged to the Title I program. Additionally, in total it appears that the Title I was overcharged by \$46,180 for indirect costs for fiscal year 2019.
- One indirect cost expenditure totaling \$35,294 did not have source documentation to support the amount charged to the IDEA Cluster. Additionally, in total it appears that the IDEA Cluster was overcharged by \$12,441 for indirect costs for fiscal year 2019.

Criteria

Per Uniform Guidance, the District shall implement a process designed to provide reasonable assurance that transactions are properly recorded and accounted for to permit the preparation of reliable financial statements and federal reports, maintain accountability over assets and demonstrate compliance with laws, regulations and other compliance requirements.

Cause

The District did not implement internal controls to ensure expenditures were accurately calculated and adequately supported by source documentation.

Effect

There is an increased risk of errors and noncompliance with federal awards.

Recommendation

The District should enforce policies and procedures to source documentation is maintained to ensure expenditures are adequately supported.

STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No.22
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

View of Responsible Officials

The Director of Finance will work with the Grants Accounting team and Program Managers for Title I and IDEA-B funds to ensure indirect costs are correctly calculated and supported by source documentation.

Anticipated Completion Date for Corrective Action Plan: November 2019

Designation of Employee Position Responsible for Meeting This Deadline: Director of Finance

2019-004—SUSPENSION AND DEBARMENT

Type of Finding: E

Federal program information:

Federal Agency: US Department of Education

Program Name: Title I

Compliance Requirement: Procurement, Suspension and Debarment

Questioned Costs: None

CFDA Number: 84.010

Statistical Sampling: One out of twenty-five non-payroll disbursements of the Title I program

Statement of Condition

The District purchased a software exceeding \$25,000 and documentation was not available to substantiate that the vendor was screened for suspension and debarment prior to expenditure.

Criteria

Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. "Covered transactions" include contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220.

Cause

The District did not have policies and procedures to ensure contracts or subawards that are expected to equal or exceed \$25,000 are checked for suspension and debarment.

Effect

There is the risk that District could contract with a party that is suspended or debarred.

Recommendation

Design and implement internal controls to ensure that contracts expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR 180.220 are checked for suspension and debarment.

View of Responsible Officials

The Director of Finance will work with the Purchasing Supervisor to document and implement policy that will ensure contracts expected to meet or exceed \$25,000 are checked for debarment or suspension.

Corrective Action Plan Timeline: December 2019

Designation of Employee Position Responsible for Meeting This Deadline: Purchasing Supervisor

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No.22
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

2019-005—BUDGETARY CONDITIONS

Type of Finding: C, G (Other Matters)

Statement of Condition

The District's actual expenditures exceeded the budget authority for the following funds and functions:

- Fund 31701 (function 2000) - \$1,403
- Fund 41000 (function 2000) - \$1,707

Additionally, the budgeted expenditures in the accounting system did not match NM PED's Operating Budget Management System (OBMS) for the following funds:

- Fund 11000
- Fund 12000
- Fund 13000
- Fund 21000

Criteria

NMAC 6.20.2.9 (F) stipulates that the District's operating budget and any authorized adjustments, shall be integrated into the District's accounting system. Additionally, NMAC 6.20.2.9 (A) NMAC and 22-8-5 through 22-8-12.2 NMSA 1978 require that budgets not be exceeded at the legal level of control. For school districts, the function is the legal level of control.

Cause

The District did not have policies and procedures to ensure budgetary conditions are monitored for compliance.

Effect

The District is not in compliance with State statutes and regulations and there is the risk that budgets could be over expended and not detected timely.

Recommendation

Design and implement internal controls to ensure that budgets are accurately maintained and adequately monitored.

View of Responsible Officials

Director of Finance will work with staff to ensure reports and journals entries are processed in a timely manner. Budget adjustment requests will also be submitted and processed within a timely manner. A periodic comparison between the budget in the accounting system and OBMS will be conducted to ensure amounts agree. The variances listed were due to the administrative costs billed by San Juan County Treasurer for property tax distributions at the end of fiscal year, after deadline for obtaining approval of budget adjustments.

Corrective Action Plan Timeline: November 2019

Designation of Employee Position Responsible for Meeting This Deadline: Director of Finance

**STATE OF NEW MEXICO
CENTRAL CONSOLIDATED SCHOOL DISTRICT No. 22
Exit Conference
For the Year Ended June 30, 2019**

A. AUDITOR PREPARED FINANCIAL STATEMENTS

The accompanying financial statements are the responsibility of the District and are based on information from the District's financial records. Assistance was provided by Hinkle + Landers, PC to the District in preparing the financial statements.

B. EXIT CONFERENCE

Central Consolidated School District

An exit conference was held on November 13, 2019 at the District's offices in Shiprock New Mexico. The following individuals were in attendance.

Central Consolidated District Officials

Christina Aspaas
Kyle Archibeque

Board Secretary (Audit Committee)
Director of Finance

Hinkle + Landers, P.C.

Farley Vener, CPA, CFE, CGMA

President & Managing Shareholder