

STATE OF NEW MEXICO
**CHAMA VALLEY
INDEPENDENT SCHOOLS**

ANNUAL FINANCIAL REPORT
AND
SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2019
WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

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INTRODUCTORY SECTION
OF
CHAMA VALLEY INDEPENDENT SCHOOLS

FINANCIAL ANNUAL REPORT
FISCAL YEAR 2019

JULY 1, 2018 THROUGH JUNE 30, 2019



At Chama Schools our teachers, staff, and administrators focus on the success of each student in the district. We aim to ensure that students receive the resources and encouragement needed to achieve their academic goals and become productive and successful citizens.

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OFFICIAL ROSTER

June 30, 2019

BOARD OF EDUCATION

Earl James Martinez	President
William Russom	Vice-President
Stephanie Maestas	Secretary
Monica Cordova	Member
J. Tirzio Lopez	Member

SCHOOL OFFICIALS

Anthony Casados	Superintendent
Danette Madrid	Business Manager

AUDIT COMMITTEE

William Russom	Member
Stephanie Maestas	Member
Guadalupe Mercure	Member
Merlinda Garcia	Member
Danette Madrid	Member
Earl James Martinez	Member
Jim Macias	Member

FINANCE COMMITTEE

William Russom	Member
Earl James Martinez	Member
Guadalupe Mercure	Member
Merlinda Garcia	Member
Danette Madrid	Member



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FINANCIAL SECTION
OF
CHAMA VALLEY INDEPENDENT SCHOOLS

ANNUAL FINANCIAL REPORT
FISCAL YEAR 2019

JULY 1, 2018 THROUGH JUNE 30, 2019



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INDEPENDENT AUDITORS' REPORT

Brian S. Colón, Esq., State Auditor and
The Board of Education and Audit Committee of
Chama Valley Independent Schools

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of Chama Valley Independent Schools, as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise Chama Valley Independent 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 misstatement, 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 Chama Valley Independent Schools' 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 Chama Valley Independent Schools, 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 fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Brian S. Colón, Esq., State Auditor and
The Board of Education and Audit Committee of
Chama Valley Independent Schools

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Accounting principles generally accepted in the United States of America also require that the Schedule of Proportionate Share of the Net Liability and Schedule of Contributions for pensions and OPEB on pages 48 and 50 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Chama Valley Independent Schools' basic financial statements. The supplemental information such as the budgetary comparisons for the major capital project fund, the combining and individual nonmajor fund financial statements, the budgetary comparisons for non-major special revenue funds, capital projects funds, debt service funds, and the other information, such as the other schedules required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures and other schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 15, 2019 on our consideration of the Chama Valley Independent Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Chama Valley Independent Schools' internal control over financial reporting and compliance.

Accounting & Financial Solutions, LLC
Farmington, New Mexico
October 15, 2019

BASIC FINANCIAL STATEMENTS
OF
CHAMA VALLEY INDEPENDENT SCHOOLS

AS OF AND FOR THE YEAR ENDED
JUNE 30, 2019

STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

STATEMENT OF NET POSITION
June 30, 2019

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 847,179
Receivables:	
Delinquent property taxes receivable	447,128
Grant	505,196
Due from other governments	32,281
Non-current:	
Restricted cash	2,950,600
Non-depreciable assets	333,679
Depreciable capital assets, net	<u>13,866,858</u>
Total Assets	<u>18,982,921</u>
Deferred Outflows of Resources:	
Contributions to pension subsequent to the measurement date	433,531
Difference between expected and actual pension experience	9,238
Net difference between projected and actual investment earnings on pension plan investments	28,020
Net change in pension assumptions	2,608,575
Net change in proportionate share of pension liability	66,504
Contributions to OPEB subsequent to the measurement date	<u>62,324</u>
Total Deferred Outflows of Resources	<u>3,208,192</u>
Liabilities	
Accounts payable	153,817
Accrued interest	48,094
Compensated absences	58,707
Long-term liabilities other than pensions:	
Due within one year	745,000
Due in more than one year	7,085,000
Aggregate net pension liability	12,657,133
Aggregate OPEB liability	<u>3,099,072</u>
Total Liabilities	<u>23,846,823</u>
Deferred Inflows of Resources	
Advances of federal, state, and local grants	10,607
Difference between expected and actual pension experience	240,886
Net change in proportionate share of pension liability	407,452
Difference between expected and actual OPEB experience	183,485
Net difference between projected and actual investment earnings on OPEB plan investments	38,675
Net change in OPEB assumptions	578,583
Net change in proportionate share of OPEB liability	<u>142,765</u>
Total Deferred Inflows of Resources	<u>1,602,453</u>
Net Position	
Net investment in capital assets	6,370,537
Restricted for:	
Special revenue funds	156,501
Capital projects	3,206,773
Debt service	1,104,999
Unrestricted	<u>(14,096,973)</u>
Total Net Position	<u>\$ (3,258,163)</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

STATEMENT OF ACTIVITIES
 Year Ended June 30, 2019

<u>Functions/Programs</u>	Program Revenues				Net (Expense) Revenue and Changes in Net Position	
<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>		
Primary government:						
Governmental activities:						
Instruction	\$ 4,616,488	\$ 8,600	\$ 764,327	\$ 60,731	\$ (3,782,830)	
Support Services - Students	583,742	24,025	96,647	-	(463,070)	
Support Services - Instruction	63,229	-	10,468	-	(52,761)	
Support Services - General Administration	286,355	-	47,410	149	(238,796)	
Support Services - School Administration	595,543	-	98,601	-	(496,942)	
Central Services	242,758	-	40,192	-	(202,566)	
Operations & Maintenance of Plant	1,439,214	-	238,283	13,174	(1,187,757)	
Student Transportation	302,803	-	258,609	-	(44,194)	
Other Support Services	215	-	36	-	(179)	
Food Services	276,284	2,454	-	-	(273,830)	
Bond interest paid	<u>225,058</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(225,058)</u>	
Total governmental activities	<u>\$ 8,631,689</u>	<u>\$ 35,079</u>	<u>\$ 1,554,573</u>	<u>\$ 74,054</u>	<u>(6,967,983)</u>	
General revenues:						
Taxes:						
Property Taxes:						
General purposes						52,305
Capital projects						301,508
Debt service						1,245,792
Grants and contributions not restricted						4,097,006
Miscellaneous income						<u>172,482</u>
Total general revenues						<u>5,869,093</u>
<i>Change in net position</i>						<u>(1,098,890)</u>
Net position - beginning						(2,136,394)
Restatement						<u>(22,879)</u>
Net position - beginning as restated						<u>(2,159,273)</u>
Net position - ending						<u>\$ (3,258,163)</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

GOVERNMENTAL FUNDS

Balance Sheet
June 30, 2019

	General <u>Fund</u>	Entitlement IDEA-B <u>Fund #24106</u>	Bond Building <u>Fund #31100</u>	Debt Service <u>Fund #41000</u>
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 560,177
Receivables:				
Property taxes	14,048	-	-	353,109
Grant	-	141,679	-	-
Due from other governments	983	-	-	25,399
Due from other funds	203,421	-	-	213,790
Restricted:				
Cash and cash equivalents	-	-	<u>2,950,600</u>	-
Total assets	<u>\$ 218,452</u>	<u>\$ 141,679</u>	<u>\$ 2,950,600</u>	<u>\$ 1,152,475</u>
 Liabilities, deferred inflows, and fund balance				
Liabilities:				
Accounts payable	\$ 115,598	\$ -	\$ 36,992	\$ -
Due to other funds	-	<u>141,679</u>	<u>8,694</u>	-
Total liabilities	<u>115,598</u>	<u>141,679</u>	<u>45,686</u>	-
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	-	-
Delinquent property taxes	<u>13,329</u>	-	-	<u>336,402</u>
Total deferred inflows of resources	<u>13,329</u>	-	-	<u>336,402</u>
Fund balance:				
Restricted for:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	2,904,914	-
Debt service	-	-	-	816,073
Unassigned	<u>89,525</u>	-	-	-
Total fund balance	<u>89,525</u>	-	<u>2,904,914</u>	<u>816,073</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 218,452</u>	<u>\$ 141,679</u>	<u>\$ 2,950,600</u>	<u>\$ 1,152,475</u>

(cont'd; 1 of 2)

STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

GOVERNMENTAL FUNDS

Balance Sheet

June 30, 2019

	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Assets		
Cash and cash equivalents	\$ 287,002	\$ 847,179
Receivables:		
Property taxes	79,971	447,128
Grant	363,517	505,196
Due from other governments	5,899	32,281
Due from other funds	93,607	510,818
Restricted:		
Cash and cash equivalents	<u>-</u>	<u>2,950,600</u>
Total assets	<u>\$ 829,996</u>	<u>\$ 5,293,202</u>
 Liabilities, deferred inflows, and fund balance		
Liabilities:		
Accounts payable	\$ 1,227	\$ 153,817
Due to other funds	<u>360,445</u>	<u>510,818</u>
Total liabilities	<u>361,672</u>	<u>664,635</u>
Deferred inflows of resources:		
Advances of federal, state, and local grants	10,607	10,607
Delinquent property taxes	<u>76,040</u>	<u>425,771</u>
Total deferred inflows of resources	<u>86,647</u>	<u>436,378</u>
Fund balance:		
Restricted for:		
Special revenue funds	156,501	156,501
Capital projects funds	225,819	3,130,733
Debt service	618	816,691
Unassigned	<u>(1,261)</u>	<u>88,264</u>
Total fund balance	<u>381,677</u>	<u>4,192,189</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 829,996</u>	<u>\$ 5,293,202</u>

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STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

RECONCILIATION OF THE BALANCE SHEET - ALL GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
June 30, 2019

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

Fund balances - total governmental funds	\$	4,192,189
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets		22,521,286
Accumulated depreciation		(8,320,749)
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property taxes receivable		425,771
Deferred outflow of resources are not financial resources, and therefore are not reported in the funds and include:		
Contributions to pension subsequent to the measurement date		433,531
Difference between expected and actual pension experience		9,238
Net difference between projected and actual investment earnings on pension plan investments		28,020
Net change in pension assumptions		2,608,575
Net change in proportionate share of pension liability		66,504
Contributions to OPEB subsequent to the measurement date		62,324
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds		
Bonds payable		(7,830,000)
Accrued interest payable		(48,094)
Accrued vacation payable		(58,707)
Net pension liability		(12,657,133)
Net OPEB liability		(3,099,072)
Deferred inflow of resources are not financial resources, and therefore are not reported in the funds and include:		
Difference between expected and actual pension experience		(240,886)
Net change in proportionate share of pension liability		(407,452)
Difference between expected and actual OPEB experience		(183,485)
Net difference between projected and actual investment earnings on OPEB plan investments		(38,675)
Net change in OPEB assumptions		(578,583)
Net change in proportionate share of OPEB liability		<u>(142,765)</u>
Net position of governmental activities	\$	<u>(3,258,163)</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2019

	General <u>Fund</u>	Entitlement IDEA-B <u>Fund #24106</u>	Bond Building <u>Fund #31100</u>	Debt Service <u>Fund #41000</u>
Revenues:				
Taxes:				
Property	\$ 50,496	\$ -	\$ -	\$ 1,195,789
Intergovernmental - federal grants	64,688	91,799	-	-
Intergovernmental - state grants	4,867,817	-	-	-
Contributions - private grants	287	-	-	-
Charges for services	8,600	-	-	-
Investment and interest income	-	-	64,696	-
Miscellaneous	<u>150,232</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>5,142,120</u>	<u>91,799</u>	<u>64,696</u>	<u>1,195,789</u>
Expenditures:				
Current:				
Instruction	2,500,614	51,785	-	-
Support services:				
Students	457,939	-	-	-
Instruction	58,523	-	-	-
General Administration	243,957	-	-	12,007
School Administration	454,120	40,014	-	-
Central Services	221,774	-	-	-
Operation & Maintenance of Plant	1,000,971	-	34,796	-
Student transportation	277,426	-	-	-
Other Support services	198	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	109,055	-
Debt service:				
Principal retirement	-	-	1,000,000	1,030,000
Bond interest paid	-	-	-	229,849
Bond issuance costs	-	-	61,288	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,457</u>
Total expenditures	<u>5,215,522</u>	<u>91,799</u>	<u>1,205,139</u>	<u>1,280,313</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(73,402)	-	(1,140,443)	(84,524)
Other financing sources:				
Sale of bonds	<u>-</u>	<u>-</u>	<u>1,105,000</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>(73,402)</u>	<u>-</u>	<u>(35,443)</u>	<u>(84,524)</u>
Fund balance as previously reported	162,927	-	2,940,357	900,597
Restatement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance as restated	<u>162,927</u>	<u>-</u>	<u>2,940,357</u>	<u>900,597</u>
Fund balance at end of the year	<u>\$ 89,525</u>	<u>\$ -</u>	<u>\$ 2,904,914</u>	<u>\$ 816,073</u>

(cont'd; 1 of 2)

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2019

	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:		
Taxes:		
Property	\$ 290,154	\$ 1,536,439
Intergovernmental - federal grants	478,118	634,605
Intergovernmental - state grants	158,228	5,026,045
Contributions - private grants	-	287
Charges for services	26,479	35,079
Investment and interest income	-	64,696
Miscellaneous	<u>22,250</u>	<u>172,482</u>
Total revenues	<u>975,229</u>	<u>7,469,633</u>
Expenditures:		
Current:		
Instruction	264,574	2,816,973
Support services:		
Students	80,558	538,497
Instruction	482	59,005
General Administration	8,196	264,160
School Administration	55,250	549,384
Central Services	2,168	223,942
Operation & Maintenance of Plant	222,152	1,257,919
Student transportation	1,907	279,333
Other Support services	-	198
Food services operations	254,870	254,870
Capital outlay	20,772	129,827
Debt service:		
Principal retirement	-	2,030,000
Bond interest paid	-	229,849
Bond issuance costs	-	61,288
Other	<u>-</u>	<u>8,457</u>
Total expenditures	<u>910,929</u>	<u>8,703,702</u>
<i>Excess (deficiency) of revenues over expenditures</i>	64,300	(1,234,069)
Other financing sources:		
Sale of bonds	<u>-</u>	<u>1,105,000</u>
<i>Net change in fund balance</i>	<u>64,300</u>	<u>(129,069)</u>
Fund balance as previously reported	340,256	4,344,137
Restatement	<u>(22,879)</u>	<u>(22,879)</u>
Fund balance as restated	<u>317,377</u>	<u>4,321,258</u>
Fund balance at end of the year	<u>\$ 381,677</u>	<u>\$ 4,192,189</u>

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STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

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

Net change in fund balance - total governmental funds	\$ (129,069)
<p>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. This is the amount by which capital outlays exceeded depreciation in the current year</p>	
Capital outlay	129,827
Depreciation	(651,580)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
<p>Deferred property taxes at:</p>	
June 30, 2018	(362,605)
June 30, 2019	425,771
<p>The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These differences in the treatment of long-term debt and related items consist of:</p>	
Current year principal payments	2,030,000
Bonds sold	(1,105,000)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
<p>Compensated absences at:</p>	
June 30, 2018	59,384
June 30, 2019	(58,707)
<p>Accrued interest at:</p>	
June 30, 2018	52,885
June 30, 2019	(48,094)
Deferred contributions to pension plan	433,531
Deferred contributions to OPEB plan	62,324
Pension expense	(1,973,469)
OPEB expense	<u>35,912</u>
Change in net position of governmental activities	<u>\$ (1,098,890)</u>

STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Taxes:				
Property	\$ 48,410	\$ 48,410	\$ 50,451	\$ 2,041
Intergovernmental - federal grants	13,642	74,215	64,688	(9,527)
Intergovernmental - state grants	4,702,219	4,818,051	4,867,817	49,766
Contributions - private grants	30,500	30,500	287	(30,213)
Charges for services	8,300	8,300	8,600	300
Miscellaneous	<u>107,525</u>	<u>107,525</u>	<u>150,231</u>	<u>42,706</u>
Total revenues	<u>4,910,596</u>	<u>5,087,001</u>	<u>5,142,074</u>	<u>55,073</u>
Expenditures:				
Current:				
Instruction	2,510,008	2,510,008	2,500,614	9,394
Support services:				
Students	506,679	506,661	443,039	63,622
Instruction	59,116	60,108	58,640	1,468
General Administration	198,195	197,221	244,186	(46,965)
School Administration	448,259	448,259	454,201	(5,942)
Central Services	205,331	205,331	221,774	(16,443)
Operation & Maintenance of Plant	773,669	946,885	1,001,048	(54,163)
Student transportation	273,459	276,419	276,336	83
Other Support services	<u>154,333</u>	<u>154,562</u>	<u>228</u>	<u>154,334</u>
Total expenditures	<u>5,129,049</u>	<u>5,305,454</u>	<u>5,200,066</u>	<u>105,388</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(218,453)	(218,453)	(57,992)	160,461
<i>Beginning cash balance budgeted</i>	218,453	218,453	-	(218,453)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>162,927</u>	<u>162,927</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>104,935</u>	<u>\$ 104,935</u>
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			1,696	
Change in due from other governments			160	
Change in payables			(15,457)	
Change in deferred property taxes			<u>(1,809)</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ 89,525</u>	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

ENTITLEMENT IDEA-B FUND - NO. 24106
**Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Intergovernmental - federal grants	\$ -	\$ 100,254	\$ 64,580	\$ (35,674)
Expenditures:				
Current:				
Instruction	-	57,974	51,785	6,189
Support services:				
Students	-	500	-	500
School Administration	-	41,780	40,014	1,766
Total expenditures	-	100,254	91,799	8,455
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(27,219)	(27,219)
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	(27,219)	\$ (27,219)
RECONCILIATION TO GAAP BASIS:				
Change in grant receivable			27,219	
Fund balance at end of the year (GAAP basis)			\$ -	

STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

AGENCY FUNDS
Statement of Fiduciary Assets and Liabilities
June 30, 2019

ASSETS

Pooled cash and investments	\$	<u>46,309</u>
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LIABILITIES

Deposits held for others	\$	<u>46,309</u>
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The notes to the financial statements are an integral part of this statement.



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I. SUMMARY OF ALL SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Chama Valley Independent School District No. 19 (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 Villages of Chama and Tierra Amarilla, 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 source entities.

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 Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an 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 the District'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 fiscal year 2019, the District adopted the following Governmental Accounting Standards Board (GASB) Statements:

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

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. 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.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. The best estimate should include probability weighting of all potential outcomes, when such information is available or can be obtained at reasonable cost. If probability weighting is not feasible at reasonable cost, the most likely amount should be used. This Statement requires that a deferred outflow of resources associated with an ARO be measured at the amount of the corresponding liability upon initial measurement.



I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

B. Implementation of New Accounting Principles (cont'd)

This Statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. In addition, it requires a government to evaluate all relevant factors at least annually to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays. A government should remeasure an ARO only when the result of the evaluation indicates there is a significant change in the estimated outlays. The deferred outflows of resources should be reduced and recognized as outflows of resources (for example, as an expense) in a systematic and rational manner over the estimated useful life of the tangible capital asset.

A government may have a minority share (less than 50 percent) of ownership interest in a jointly owned tangible capital asset in which a nongovernmental entity is the majority owner and reports its ARO in accordance with the guidance of another recognized accounting standards setter. Additionally, a government may have a minority share of ownership interest in a jointly owned tangible capital asset in which no joint owner has a majority ownership, and a nongovernmental joint owner that has operational responsibility for the jointly owned tangible capital asset reports the associated ARO in accordance with the guidance of another recognized accounting standards setter. In both situations, the government's minority share of an ARO should be reported using the measurement produced by the nongovernmental majority owner or the nongovernmental minority owner that has operational responsibility, without adjustment to conform to the liability measurement and recognition requirements of this Statement.

In some cases, governments are legally required to provide funding or other financial assurance for their performance of asset retirement activities. This Statement requires disclosure of how those funding and assurance requirements are being met by a government, as well as the amount of any assets restricted for payment of the government's AROs, if not separately displayed in the financial statements. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018 (FYE June 30, 2019). Earlier application is encouraged.

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

The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

Requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018 (FYE June 30, 2019). Earlier application is encouraged.



I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

B. Implementation of New Accounting Principles (cont'd)

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

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

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018 (FYE June 30, 2020). Earlier application is encouraged. Changes adopted to conform to the provisions of this Statement should be applied retroactively by restating financial statements, if practicable, for all prior periods presented. If restatement for prior periods is not practicable, the cumulative effect, if any, of applying this Statement should be reported as a restatement of beginning net position (or fund balance or fund net position, as applicable) for the earliest period restated. In the first period that this Statement is applied, the notes to the financial statements should disclose the nature of the restatement and its effect. Also, the reason for not restating prior periods presented should be disclosed.

➤ **GASB Statement No. 87, *Leases***

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Definition of a Lease - A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

The provisions of this Statement are effective for reporting periods beginning after December 15, 2019 (FYE June 30, 2021).



I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

B. Implementation of New Accounting Principles (cont'd)

➤ **GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period***

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this Statement apply to the financial statements of all state and local governments. In financial statements prepared using the economic resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expense in the period in which the cost is incurred. Such interest cost should not be capitalized as part of the historical cost of a capital asset. In financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 (FYE June 30, 2021). Earlier application is encouraged.

➤ **GASB Statement No. 90, *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61***

The primary objectives of this Statement are to improve consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations and to improve the relevance of financial statement information for certain component units.

This Statement modifies previous guidance for reporting a government's majority equity interest in a legally separate organization. This Statement also provides guidance for reporting a component unit if a government acquires a 100 percent equity interest in that component unit. The requirements of this Statement apply to the financial statements of all state and local governments.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018 (FYE June 30, 2020). Earlier application is encouraged.

➤ **GASB Statement No. 91, *Conduit Debt Obligations***

This Statement provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2020 (FYE June 30, 2022). Earlier application is encouraged.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the school district. For the most part, the effect of inter-fund 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 are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. 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.



I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues.

The District reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with a function. The District does not currently employ indirect cost allocation systems. Depreciation 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 only 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 of the general government, except those required to be accounted for in another fund.

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

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

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.

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

➤ SPECIAL REVENUE FUNDS

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.



I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (cont'd)

➤ CAPITAL PROJECTS FUNDS

Bond Building (Fund No. 31100) Minimum Balance: None
 This fund provides financing for the construction of buildings, the purchase of equipment, and the acquisition and improvement of land. Funding is provided by the sale of general obligation bonds, which have been approved by the voters of the district.

➤ 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

E. 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 inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund 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 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 Funds. Taxes are payable in two equal installments on November 10th and April 10th following the levy and become delinquent after 30 days.



I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

E. Assets, Liabilities, and Net Position or Equity (cont'd)

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 10 and April 10th following the levy and become delinquent after 30 days. Therefore, the District has recorded a delinquent tax receivable and 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 taxes receivable and revenue for taxes assessed as of year-end that have not be collected, as prescribed in GASB 34. An allowance for refunds and uncollectible amounts has not been recorded.

3. *Inventories*

The District’s method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories are actually consumed. Inventory is valued at cost. Inventory in the Food Service Fund consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased inventory is recorded as an expenditure at the time individual inventory items are consumed. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories.

4. *Capital assets*

Capital assets, which include property, plant, and equipment (software), are reported in the applicable governmental-wide financial statements. Beginning July 1, 2005, the threshold for defining Capital assets by the government was raised from \$1,000 to assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

ESTIMATED USEFUL LIVES	
ASSETS	YEARS
Buildings	40-50
Building improvements	20
Land Improvements	10-20
Vehides	5-7
Office equipment	5
Computer equipment	3-5

5. *Compensated absences*

It is the District’s policy to permit employees to accumulate 36 days of earned but unused vacation, which will be paid to employees upon retirement from the District’s service. The amount for liability has been reported in the government-wide financial statements.

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



I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

E. Assets, Liabilities, and Net Position or Equity (cont'd)

6. *Long-term obligations*

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

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 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 Education Retirement Board (ERB) and additions to/deductions from ERB's fiduciary net position have been determined on the same basis as they are reported by ERB. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

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 Fund (RHCA) and additions to/deductions from RHCA's fiduciary net position have been determined on the same basis as they are reported by RHCA. For this purpose, RHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

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.

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 proportionate share of the contributions.



I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

E. Assets, Liabilities, and Net Position or Equity (cont'd)

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 spendable form" 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 removal 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.

a. Net investment 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.



I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

E. Assets, Liabilities, and Net Position or Equity (cont'd)

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. *Inter-fund 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 inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund 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 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 District received \$4,096,719 in state equalization guarantee distributions during the year ended June 30, 2019.



I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

E. Assets, Liabilities, and Net Position or Equity (cont'd)

Transportation Distribution: School districts in the State of New Mexico received 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 \$258,609 in transportation distributions during the year ended June 30, 2019.

Instructional Materials: The New Mexico Public Education Department (PED) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the purchase of material listed on the PED 'Multiple List', while fifty percent of each allocation is available for purchases directly from vendors or transfer to the fifty percent account for purchase of material from the "Multiple List". Districts are allowed to carry forward unused textbook funds from year to year. The District received \$12,489 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.

II. 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 Public School Budget and Planning Unit of the Department of Education. Auxiliary student activity accounts are not budgeted.

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. 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 reserved portion of 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 the Board of Education a proposed operating budget of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Department of Education.
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 for.
4. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Department of Education.



II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont'd)

A. Budgetary Information (cont'd)

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 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 an individual line item. These amendments resulted in the following changes:

	ORIGINAL	FINAL
Major Funds:		
General Funds	\$ 5,129,049	\$ 5,305,454
Special Revenue Funds:		
Entitlement IDEA-B	-	100,254
Capital Projects Funds:		
Bond Building	2,174,434	2,174,434
Debt Service Funds:		
Debt Service	2,360,519	2,360,519
Nonmajor Funds:		
Special Revenue Funds	558,073	848,318
Capital Projects Funds	340,857	353,594
Debt Service Fund	618	618
Total Budget	\$ 10,563,550	\$ 11,143,191

B. Budgetary Violations

The District did not have any budgetary violations during the year ended June 30, 2019.

C. Deficit Fund Equity

The District had three deficit fund balances of \$1,090 in the Transportation Fund, \$36 in the Athletics Fund, and \$1,225 in the State SB-9 Match Capital Projects Fund as of June 30, 2019. These deficits will be funded by future grants, the Capital Improvements SB-9 Capital Projects Fund, or the Operational Fund.



III. DETAILED NOTES ON ALL FUNDS

A. Cash and Temporary Investments

At June 30, 2019, the carrying amount of the District’s deposits were \$3,844,088 and the bank balance was \$4,050,525 with the difference consisting of outstanding checks.

	<u>BALANCE</u>
Financial institution:	
New Mexico Bank & Trust	\$ 1,099,925
State agencies:	
New Mexico Finance Authority	2,950,600
Less:	
Agency cash	(46,309)
Net reconciling items	(206,437)
Restricted Cash	<u>(2,950,600)</u>
Total cash and equivalents	<u>\$ 847,179</u>

Of the total cash and cash equivalents balance, \$250,000 was covered by federal depository insurance and \$3,224,878 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 a 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 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, \$575,647 of the District’s bank deposits was exposed to custodial risk as follows:

	<u>INSURED</u>	<u>UNDER INSURED</u>	<u>TOTAL</u>
Bank deposits:			
Uninsured and uncollateralized	\$ -	\$ 575,647	\$ 575,647
Uninsured and collateral held by pledging bank's trust dept not in the District's name	<u>2,950,600</u>	<u>274,278</u>	<u>3,224,878</u>
Total uninsured	2,950,600	849,925	3,800,525
Insured (FDIC)	<u>-</u>	<u>250,000</u>	<u>250,000</u>
Total deposits	<u>\$ 2,950,600</u>	<u>\$ 1,099,925</u>	<u>\$ 4,050,525</u>
State of New Mexico collateral requirement:			
50% of uninsured public fund bank deposits	\$ 1,475,301	\$ 424,963	\$ 1,900,264
Pledged security	<u>2,950,600</u>	<u>274,278</u>	<u>3,224,878</u>
Over collateralization	<u>\$ 1,475,299</u>	<u>\$ (150,685)</u>	<u>\$ 1,324,614</u>

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 funds 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.



III. DETAILED NOTES ON ALL FUNDS (cont'd)

B. 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>RECEIVABLES</u>		<u>DUE FROM OTHER</u>	
	Property Taxes	Grants	Governments	Funds
Major Funds:				
General Funds	\$ 14,048	\$ -	\$ 983	\$ 203,421
Entitlement IDEA-B	-	141,679	-	-
Bond Building	-	-	-	-
Debt Service	353,109	-	25,399	213,790
Other Governmental Funds	<u>79,971</u>	<u>363,517</u>	<u>5,899</u>	<u>93,607</u>
Total	<u>\$ 447,128</u>	<u>\$ 505,196</u>	<u>\$ 32,281</u>	<u>\$ 510,818</u>

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

Governmental funds reported deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>UNAVAILABLE</u>	<u>UNEARNED</u>
Grant drawdowns prior to meeting all eligibility requirements		
General Fund	\$ -	\$ -
Other Governmental Funds	-	10,607
Delinquent property taxes		
General Fund	13,329	-
Debt Service	336,402	-
Other Governmental Funds	<u>76,040</u>	<u>-</u>
Total	<u>\$ 425,771</u>	<u>\$ 10,607</u>

C. Inter-Fund Receivables and Payables

The inter-fund receivables and payables at June 30, 2019 were:

	<u>RECEIVABLES</u>	<u>PAYABLES</u>
Major Funds:		
General Funds	\$ 203,421	\$ -
Entitlement IDEA-B	-	141,679
Bond Building	-	8,694
Debt Service	213,790	-
Other Governmental Funds	<u>93,607</u>	<u>360,445</u>
Total	<u>\$ 510,818</u>	<u>\$ 510,818</u>

The inter-fund loans were made for the purposes of cash shortfalls within the individual funds. The loans are expected to be repaid within the next fiscal year.



III. DETAILED NOTES ON ALL FUNDS (cont'd)

D. Capital Assets

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

	BEGINNING	INCREASES	DECREASES	ENDING
Governmental activities:				
<u>Capital assets not being depreciated:</u>				
Land	\$ 242,780	\$ -	\$ -	\$ 242,780
Construction in progress	-	90,899	-	90,899
Total capital assets not being depreciated	<u>242,780</u>	<u>90,899</u>	<u>-</u>	<u>333,679</u>
<u>Capital assets being depreciated:</u>				
Land improvements	3,536,492	-	-	3,536,492
Buildings and improvements	16,526,502	-	-	16,526,502
Furniture, fixtures, and equipment	2,085,685	38,928	-	2,124,613
Total capital assets being depreciated	<u>22,148,679</u>	<u>38,928</u>	<u>-</u>	<u>22,187,607</u>
Less accumulated deprecation for:				
Land improvements	(419,533)	(137,498)	-	(557,031)
Buildings and improvements	(5,991,892)	(380,364)	-	(6,372,256)
Furniture, fixtures, and equipment	(1,257,744)	(133,718)	-	(1,391,462)
Total accumulated depreciation	<u>(7,669,169)</u>	<u>(651,580)</u>	<u>-</u>	<u>(8,320,749)</u>
Total capital assets being depreciated, net	<u>14,479,510</u>	<u>(612,652)</u>	<u>-</u>	<u>13,866,858</u>
Total capital assets, net	<u>\$ 14,722,290</u>	<u>\$ (521,753)</u>	<u>\$ -</u>	<u>\$ 14,200,537</u>

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

	AMOUNT
Instruction	\$ 312,758
Support Services - Students	45,610
Support Services - Instruction	39,098
Support Services - General Administration	26,063
Support Services - School Administration	39,094
Central Services	19,547
Operations & Maintenance of Plant	123,800
Student Transportation	32,579
Food Services	13,031
Total Depreciation Expense	<u>\$ 651,580</u>

The Schedule of Capital Assets Used by Source, and the Schedule of Changes in Capital Assets by Function and Activity have not been prepared because the detailed information is unavailable.

Construction commitments

The District is involved in long-term construction projects as part of their master plan for upgrading the district buildings. The amount in the capital projects funds designated for subsequent years expenditures are committed for funding these projects. Interest on construction projects is not capitalized.



III. DETAILED NOTES ON ALL FUNDS (cont'd)

E. 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. The details of the bonds and notes as of June 30, 2019 are as follows:

BOND ISSUES		ORIGINAL AMOUNT	INTEREST RATES	BALANCE	CURRENT PORTION
Series	09/15/05	\$ 1,000,000	4.00% to 4.00%	\$ 95,000	\$ 95,000
Series	10/28/08	600,000	3.35% to 4.90%	220,000	220,000
Series	08/31/09	540,000	3.63% to 4.00%	115,000	115,000
Series	03/02/10	370,000	3.50% to 3.75%	-	-
Series	05/15/15	4,665,000	1.60% to 3.71%	4,445,000	225,000
Series	08/19/16	1,210,000	1.04% to 2.93%	865,000	45,000
Series	08/18/17	1,020,000	1.14% to 2.64%	985,000	45,000
Series	08/18/17	1,000,000	1.63% to 1.63%	-	-
Series	08/17/18	1,105,000	1.42% to 3.40%	1,105,000	-
Total		<u>\$ 11,510,000</u>		<u>\$ 7,830,000</u>	<u>\$ 745,000</u>

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

YEAR ENDING JUNE 30,	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
2020	\$ 745,000	\$ 209,104	\$ 954,104
2021	320,000	194,330	514,330
2022	375,000	188,051	563,051
2023	380,000	180,512	560,512
2024	385,000	172,372	557,372
2025 - 2029	2,100,000	716,715	2,816,715
2030 - 2034	2,430,000	407,157	2,837,157
2035 - 2039	1,095,000	58,780	1,153,780
Total	<u>\$ 7,830,000</u>	<u>\$ 2,127,021</u>	<u>\$ 9,957,021</u>



III. DETAILED NOTES ON ALL FUNDS (cont'd)

F. Long-Term Debt (cont'd)

Changes in long term debt – During the year ended June 30, 2019 the following changes occurred in liabilities reported in the general obligation bonds account group:

	BEGINNING			ENDING	DUE WITHIN
	BALANCE	ADDITIONS	RETIREMENTS	BALANCE	ONE YEAR
Compensated absences:					
Compensated vacation	\$ 59,384	\$ 41,064	\$ 41,741	\$ 58,707	\$ 58,707
Bonds payable					
<u>Original Amount</u>	<u>Issue</u>				
\$ 1,000,000	09/15/05	185,000	-	90,000	95,000
600,000	10/28/08	440,000	-	220,000	220,000
540,000	08/31/09	215,000	-	100,000	115,000
370,000	03/02/10	195,000	-	195,000	-
4,665,000	05/15/15	4,665,000	-	220,000	4,445,000
1,210,000	08/19/16	1,035,000	-	170,000	865,000
1,020,000	08/18/17	1,020,000	-	35,000	985,000
1,000,000	08/18/17	1,000,000	-	1,000,000	-
1,105,000	08/17/18	-	1,105,000	-	1,105,000
Total Bonds payable		<u>8,755,000</u>	<u>2,030,000</u>	<u>7,830,000</u>	<u>745,000</u>
		<u>\$ 8,814,384</u>	<u>\$ 1,146,064</u>	<u>\$ 7,888,707</u>	<u>\$ 803,707</u>

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.

New Debt

The District issued Series 2018 General Obligation Bonds in the amount of \$1,105,000 on August 17, 2018. The District will make the first interest payment on February 15, 2019 and will make the first principal payment on August 15, 2021. The bond series will mature on August 15, 2038 with interest rate of 1.74% to 3.40%. A portion of the bond issue was used to repay the Bond Anticipation Notes Series 2018 in the amount of \$1,105,000.

The District was at 98.43% bonding capacity after the issuance of Bond Anticipation Notes Series 2018.

F. Leases

The District leases office equipment, including copy machines and postage meter machines, under short-term cancelable operating leases



IV. OTHER INFORMATION

A. 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 procures insurance or 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.

B. Employee Retirement Plan

Plan Description - Substantially all of the District's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, Sections 1 through 52, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the New Mexico Educational Employees' Retirement Plan (Plan), which is a cost-sharing multiple-employer defined benefit retirement plan. ERB issues a separate, publicly available financial report that includes the financial statements and required supplementary information for the plan. That report may be obtained www.nmerb.org, www.saonm.org, or by writing to:

ERB
P.O. Box 26129
Santa Fe, New Mexico 87502-6129
www.nmerb.org

Membership in the Plan is a condition of employment. Employees of public schools, universities, regional cooperatives, special schools and state agencies providing educational programs, who are employed at more than 25% of a full-time equivalency, are required to be members of the Plan. There were 156,789 active, retired, and inactive members in fiscal year 2018; there were 153,514 active, retired, and inactive members in fiscal year 2017.

Benefits Provided - The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. Benefits are based on three components: Final Average Salary (FAS), years of both earned and allowed service credits, and a 2.35% factor. The gross annual benefit is determined by multiplying the three components together. FAS is the higher of annual earnings for the previous 20 calendar quarters prior to retirement or the highest average annual earnings for any 20 consecutive calendar quarters.

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

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



IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit commencing on July 1 following the later of: (i) the year a member retires, or (ii) the year in which a member attains age 65 (Tier 1 and Tier 2) or age 67 (Tier 3).

If the plan's funded ratio for the next preceding fiscal year is 100%, or greater, Section 22-11-31(C)(1) of the New Mexico Statutes Annotated defines the adjustment factor as $\frac{1}{2}$ of the percentage increase of the consumer price index between the next preceding calendar year and the preceding calendar year. The adjustment factor cannot exceed four percent, nor be less than two percent. However, if the percentage increase of the consumer price index is less than two percent, the adjustment factor will be equal to the percentage increase of the consumer price index.

If the plan's funded ratio for the next preceding fiscal year is greater than 90%, but less than 100%, Section 22-11-31(C)(2) indicates that the adjustment factor for all non-disability retirements will be 95% of the adjustment factor defined in Section 22-11-31(C)(1) if the member had 25 or more years of service credit at retirement and whose annuity is less than or equal to the median adjusted annuity for the fiscal year next preceding the adjustment date. For all other retirees eligible for an adjustment, the adjustment factor will be 90% of the adjustment factor defined in Section 22-11-31(C)(1).

If the plan's funded ratio for the next preceding fiscal year is 90%, or less, Section 22-11-31(C)(3) indicates that the adjustment factor for all non-disability retirements will be 90% of the adjustment factor defined in Section 22-11-31(C)(1) if the member had 25 or more years of service credit at retirement and whose annuity is less than or equal to the median adjusted annuity for the fiscal year next preceding the adjustment date. For all other retirees eligible for an adjustment, the adjustment factor will be 80% of the adjustment factor defined in Section 22-11-31(C)(1).

Finally, annuities shall not be decreased in the event that there is a decrease in the consumer price index between the next preceding calendar year and the preceding calendar year.

As of July 1, 2013, for current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction was based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.5%. All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.7%. All other retirees will have a 10% COLA reduction; their average will be 1.8%. Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

A member is eligible for a disability benefit provided (a) he or she has credit for at least 10 years of service, and (b) the disability is approved by ERB. The monthly benefit is equal to 2% of FAS times years of service, but not less than the smaller of (a) one-third of FAS or (b) 2% of FAS times year of service projected to age 60. The disability benefit commences immediately upon the member's retirement. Disability benefits are payable as a monthly life annuity, with a guarantee that, if the payments made do not exceed the member's accumulated contributions, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. If the disabled member survives to age 60, the regular optional forms of payment are then applied. A member with five or more years of earned service credit on deferred status may retire on disability retirement when eligible under the Rule of 75 or when the member attains age 65.

The member, upon retirement, has three options as to how to receive the benefit.

Option A – If the member elects the Option A, there is no reduction to the monthly benefit other than any “Rule of 75” deductions or any community property or child support reductions. There will be no continuing benefit to a beneficiary or estate upon the retiree's death, except the balance, if any, of member contributions. Those contributions are usually exhausted in the first three to four years of retirement.

Option B – If the member elects Option B, the monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member and upon the retiree's death, the same benefit is paid to the beneficiary for his or her lifetime. The named beneficiary may not be changed after the effective date of retirement since the amount of the option is calculated by using both the age of the member and the beneficiary. If the beneficiary predeceases the member, the member's benefit will be adjusted by returning it to the Option A Benefit amount. The IRS prohibits selection of Option B for a non-spouse beneficiary more than ten years younger than the member.



IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

Option C – If the member elects Option C, the monthly benefit is reduced to provide for a 50% survivor’s benefit. The benefit is payable during the life of the member and upon the retiree’s death, one half of the member’s benefit is paid to the beneficiary for his or her lifetime. Here again, the named beneficiary may not be changed after the effective date of retirement. If the beneficiary predeceases the member, the member’s benefit is adjusted by returning it to the Option A Benefit amount.

Under the provisions of Options B and C coverage, the beneficiary must be a person, and only one beneficiary may be named. The term beneficiary means a person having an insurable interest in the life of the member.

Member Contributions – Plan members whose annual salary is \$20,000 or less are required by statute to contribute 7.9% of their gross salary. Plan members whose annual salary is over \$20,000 are required to make the following contributions to the Plan: 10.7% of their gross salary in fiscal year 2019. For the fiscal year June 30, 2020, the salary determination will be increased to \$24,000.

Employer Contributions – In fiscal year 2019, the District was required to contribute 13.9% of the gross covered salary for employees whose annual salary is \$20,000 or less, and 13.9% of the gross covered salary for employees whose annual salary is more than \$20,000. The contribution rate will increase to 14.15% for the year ended June 30, 2020. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District’s contributions to ERB for the fiscal years ending June 30, 2019 were \$413,159, which equal the amount of the required contributions for year ended June 30, 2019.

Employers

The Educational Retirement Act designates employers as Local Administrative Units, directly responsible for payment of compensation for the employment of members or participants of this Plan. There were 216 contributing employers in fiscal year 2018; there were 218 contributing employers in fiscal year 2017.

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

At June 30, 2019, the District reported a liability of \$12,657,133 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 that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and regional education cooperatives, actuarially determined. At June 30, 2018, the District's proportion was 0.10644 percent, which was a decrease of 0.00579 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$1,973,469.

PENSION EXPENSE CALCULATION	
Net pension liability - end of the year	\$ 12,657,133
Net pension liability - beginning of the year	(12,472,645)
Deferred outflows of resources during the year	1,089,712
Deferred inflows of resources during the year	286,110
Reductions to ending net pension liability due contributions paid	413,159
Total Pension Expense	\$ 1,973,469



IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

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

	OUTFLOWS	INFLOWS
Difference between expected and actual experience	\$ 9,238	\$ 240,886
Change of assumptions	2,608,575	-
Net difference between projected and actual earnings on pension plan investments	28,020	-
Changes in proportion and differences between District contributions and proportionate share of contributions	66,504	407,452
District contributions subsequent to the measurement date	433,531	-
Total	<u>\$ 3,145,868</u>	<u>\$ 648,338</u>

Deferred outflows of resources related to pensions in the amount of \$433,531 resulted from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	JUNE 30, 2020	AMORTIZATION
	\$ (1,312,495)	
	(841,629)	
	90,494	
	(369)	
	-	
Thereafter	-	
Total	<u>\$ (2,063,999)</u>	

Actuarial Assumptions

A single discount rate of 5.69% was used to measure the total pension liability as of June 30, 2018. This single discount rate was based on an expected rate of return on pension plan investments of 7.25 percent and a municipal bond rate of 3.62 percent. Based on the assumptions described below and the projection of cash flows, pension plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. The long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2018. The total pension liability was rolled forward from the valuation date to the Plan's year ended 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 or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2018. The liabilities reflect the impact of the new assumptions adopted by the Board of Trustees on April 21, 2017 as well as the change in the single discount rate between June 30, 2017 and June 30, 2018. Specifically, the liabilities measured as of June 30, 2018 incorporate the following assumptions:

- 1) All members with an annual salary of more than \$20,000 will contribute 10.7% during the fiscal year ending June 30, 2015 and thereafter.
- 2) Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their Cost of Living Adjustment (COLA) will be deferred until age 67.
- 3) COLAs for most retirees are reduced until ERB attains a 100% funded status.
- 4) The new assumptions adopted by the Board on April 21, 2017 in conjunction with the change in the single discount rate, and
- 5) For purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years.



IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

For the purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years. The actuarial methods and assumptions used to determine contributions rates included in the measurement are as follows:

Actuarial Cost Method:	Entry age normal
Amortization Method:	Level Percentage of Payroll
Remaining Period:	Amortized - closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method:	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation:	3.00%
Salary Increases:	Composition: 2.50% inflation, plus 0.75% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return:	7.25%
Single Discount Rate:	5.69%
Retirement Age:	Experience based table of age and service rates
Mortality:	Healthy Males – RP-2000 Combined Mortality Table with white collar adjustments, generational mortality improvements with scale BB.

Healthy Females – GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with scale BB from the table's base year of 2012.

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class. Best estimates of geometric real rates of return for each major asset class included in the Plan's target asset allocation for 2018 and 2017 for 30-year return assumptions are summarized in the following table:

<u>Asset Class</u>	2018 <u>Long-Term Expected Real Rate of Return</u>	2017 <u>Long-Term Expected Real Rate of Return</u>
Cash	-0.49%	-0.25%
U.S. Treasuries	-0.01%	0.25%
IG Corp Credit	1.44%	1.75%
Mortgage Backed Securities	-0.01%	0.25%
Core Bonds*	0.47%	0.75%
Treasury Inflation Protected Securities	0.48%	0.50%
High-Yield Bonds	2.13%	2.50%
Bank Loans	2.16%	2.75%
Global Bonds (Unhedged)	-0.75%	-0.50%
Global Bonds (Hedged)	-0.47%	-0.38%
Emerging Market Debt External	1.64%	2.50%
Emerging Market Debt Local Currency	3.10%	3.25%
Large Cap Equities	4.03%	4.25%
Small/ Mid Cap Equities	4.24%	4.50%
International Equities (Unhedged)	4.24%	4.50%
International Equities (Hedged)	4.65%	4.89%
Emerging International Equities	5.61%	6.25%
Private Equity	5.92%	6.25%
Private Debt	4.07%	4.75%
Private Real Assets	4.24%	5.90%
Real Estate	3.10%	3.25%
Commodities	2.08%	2.25%
Hedge Funds	2.97%	3.22%



IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

Rate of Return

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

- 1) Rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.),
- 2) Application of key economic projections (inflation, real growth, dividends, etc.), and
- 3) Structural themes (supply and demand imbalances, capital flows, etc.).

These items are developed for each major asset class.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate Assumption

The following table shows the sensitivity of the net pension liability to changes in the discount rate as of fiscal year end 2018, 2017, and 2016. In particular, the table presents the Plan's net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower or one percentage point higher than the single discount rate.

PENSION CURRENT SINGLE RATE					
	Discount			Single Rate	
	Rate	1% Decrease		Assumption	1% Increase
ERB (All Employers)					
2018	5.69%	\$ 15,454,175,919		\$ 11,891,330,976	\$ 8,984,271,849
2017	5.90%	14,466,972,041		11,113,468,217	8,372,251,980
2016	7.75%	9,531,509,131		7,196,433,561	5,258,980,529
Chama Valley Independent Schools					
2018	5.69%	\$ 16,449,425		\$ 12,657,133	\$ 9,562,859
2017	5.90%	16,236,283		12,472,645	9,396,178
2016	7.75%	10,486,566		7,917,516	5,785,930

C. Post-Retirement Health Care Benefits

Plan Description - The District, as an employer, contributes to the New Mexico Retiree Health Care Fund (RHCA), a cost-sharing multiple-employer defined benefit postemployment healthcare plan. The plan provides healthcare insurance and prescription drug benefits to retired employees of participating employers, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies. RHCA issues a separate, publicly available financial report that includes the financial statements and required supplementary information for the plan. That report may be obtained www.nmrhca.org, www.saonm.org, or by writing to:

Retiree Health Care Authority
 4308 Carlisle NE, Suite 104
 Albuquerque, NM 87107

The plan is used to provide postemployment benefits other than pensions (OPEB) for retirees who were an employee of participating employer in either the New Mexico Public Employees Retirement Association (PERA) or Educational Retirement Board (ERB), eligible to receive a pension. For employers who “buy-in” to the plan, retirees are eligible for benefits six months after the effective date of employer participation. Retirees not in a PERA enhanced (Fire, Police, Corrections) pension plan who commence benefits on or after January 1, 2020 will not receive any subsidy from RHCA before age 55.



IV. OTHER INFORMATION (cont'd)

C. Post-Retirement Health Care Benefits (cont'd)

Eligible retirees are:

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

There were 156,025 active, retired, surviving spouses, and inactive members in fiscal year 2018; there were 160,035 active, retired, surviving spouses, and inactive members in fiscal year 2017.

Funding Policy

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service-based subsidy rate schedule for the medical, plus basic life plan, plus an additional participation fee of five dollars (\$5) if the eligible participant retired prior to the employer's effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from RHCA or viewed on their website at www.nmrhca.org.

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

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

Benefits Provided - Retirees and spouses are eligible for medical and prescription drug benefits. Dental and vision benefits are also available but were not included in any valuation since they are 100% retiree-paid. A description of these benefits may be found in Enrolled Participants at www.nmrhca.org.

Member Contributions – Employees that were not members of an enhanced plan, the statute required each participating employee was required to contribute 1% of their gross salary in fiscal year 2018.

Employer Contributions – In fiscal year 2019, the District was required to contribute 2% of the gross covered salary for employees who are entitled to RHCA benefits. The District's contributions to RHCA for the fiscal year ending June 30, 2019 was \$62,324, which equal the amount of the required contributions for each fiscal year.

Employers - The Educational Retirement Act designates employers as Local Administrative Units, directly responsible for payment of compensation for the employment of members or participants of this Plan. There were 302 contributing employers in fiscal year 2018.



IV. OTHER INFORMATION (cont'd)

C. Post-Retirement Health Care Benefits (cont'd)

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

At June 30, 2019, the District reported a liability of \$3,099,072 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2018, the District's proportion was 0.07127 percent, which was a decrease of 0.00311 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized OPEB income of \$35,912.

OPEB EXPENSE CALCULATION	
Net OPEB liability - end of the year	\$ 3,099,072
Net OPEB liability - beginning of the year	(3,370,658)
Deferred outflows of resources during the year	-
Deferred inflows of resources during the year	176,354
Reductions to ending net OPEB liability due contributions paid	<u>59,320</u>
Total OPEB Income	<u>\$ (35,912)</u>

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

	OUTFLOWS	INFLOWS
Difference between expected and actual experience	\$ -	\$ 183,485
Change of assumptions	-	578,583
Net difference between projected and actual earnings on OPEB plan investments	-	38,675
Changes in proportion and differences between District contributions and proportionate share of contributions	-	142,765
District contributions subsequent to the measurement date	<u>62,324</u>	-
Total	<u>\$ 62,324</u>	<u>\$ 943,508</u>

Deferred outflows of resources related to OPEB in the amount of \$62,324 resulted from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020 (OPEB measurement date June 30, 2019). Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	JUNE 30, AMORTIZATION
2019	\$ 233,699
2020	233,699
2021	233,699
2022	187,363
2023	55,048
Thereafter	-
Total	<u>\$ 943,508</u>



IV. OTHER INFORMATION (cont'd)

C. Post-Retirement Health Care Benefits (cont'd)

Actuarial Assumptions

The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2028.

A blended rate of the assumed investment return on Plan assets (e.g. 7.25% for the June 30, 2019 valuation) and the rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (e.g. 3.58% as of June 30, 2017). The 7.25% discount rate was used to calculate the net OPEB liability through June 30, 2029. Benefit payments after June 30, 2029 are then discounted by the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher, currently 4.08%. The blended discount rate of 4.08% was used to measure the total OPEB liability as of June 30, 2018.

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions:

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

Actuarial assumptions

Inflation:	2.50% for ERB; 2.25% for PERA
Projected Salary Increases:	3.5% 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 for Medicare medical plan costs

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

<u>Asset Class</u>	2018	2017
	<u>Long-Term Expected Real Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
U.S. core fixed income	2.1	9.1
U.S. equity - large cap	7.1	9.1
Non U.S. - emerging markets	10.2	12.2
Non U.S. - developed equities	7.8	9.8
Private equity	11.8	13.8
Credit and structured finance	5.3	7.3
Real estate	4.9	6.9
Absolute return	4.1	6.1
U.S. equity - small/mid cap	7.1	9.1



IV. OTHER INFORMATION (cont'd)

C. Post-Retirement Health Care Benefits (cont'd)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate Assumption

The following table shows the sensitivity of the net OPEB liability to changes in the discount rate as of June 30, 2018. In particular, the table presents the Plan's net OPEB liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (1% decrease) or one percentage point higher (1% increase) than the single discount rate.

OPEB CURRENT SINGLE RATE							
		Discount	Single Rate				
		Rate	1% Decrease	Assumption	1% Increase		
RHCA (All Employers)							
2018	4.08%	\$	5,262,533,266	\$	4,348,354,815	\$	3,627,778,443
2017	3.81%		5,496,848,763		4,531,673,018		3,774,405,896
Chama Valley Independent Schools							
2018	4.08%	\$	3,750,607	\$	3,099,072	\$	2,585,518
2017	3.81%		4,088,556		3,370,658		2,807,403

The following presents the Net OPEB Liability of RHCA as of June 30, 2018, as well as what the Fund's Net OPEB Liability would be if it were calculated using a health cost trend rate that is one percentage point lower (1% decrease) or one percentage point higher (1% increase) than the health cost trend rates used:

HEALTH COST TREND RATE						
		1% Decrease	Current	1% Increase		
			Trend Rates			
RHCA (All Employers)						
2018	\$	3,675,884,346	\$	4,348,354,815	\$	4,875,586,778
Chama Valley Independent Schools						
2018	\$	2,619,803	\$	3,099,072	\$	3,474,831

D. 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 grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

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

E. Cash Flows

The District's federal and state grants operate on a reimbursement basis. The District must support the expenditures of 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 educational services to the community in an effective manner. This could affect the District's financial operations in subsequent years.



IV. OTHER INFORMATION (cont'd)

F. Restatement

The remainder of the restatement was due to a restatement to decrease fund balance by \$22,879. This amount was receipted into 2013 School Buses (Fund 27178) during fiscal year 2016 resulting in a cash balance of that amount. The grant receipt should have been recorded in After School Enrichment (Fund 27168) which is carrying a deficit cash balance of \$22,879 and owed that amount to the Operational Fund. After School Enrichment had recognized a receivable for this amount and did not have a fund balance. The grant receivable has been reclassified as due from other funds (2013 School Buses).

G. Subsequent Events

Subsequent events were evaluated through October 15, 2019 which is the date the financial statements were available to be issued.



SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years*

	June 30, 2019	2018	2017	2016	2015
Measurement date June 30,	2018	2017	2016	2015	2014
District's proportion of the net pension liability	0.106440%	0.112230%	0.110020%	0.120000%	0.113470%
District's proportionate share of the net pension liability	\$ 12,657,133	\$ 12,472,645	\$ 7,917,516	\$ 7,489,000	\$ 6,474,284
District's covered-employee payroll	\$ 2,972,876	\$ 3,192,000	\$ 3,157,000	\$ 3,292,042	\$ 3,127,568
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	425.75%	390.75%	250.79%	227.49%	207.01%
Plan fiduciary net position as a percentage of the total pension liability	52.17%	52.95%	61.58%	63.97%	66.54%

* These schedules are intended to present 10 years of trending history. However, information is not available prior to the year ended June 30, 2015 and, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years*

	2019	2018	2017	2016	2015
Contractually required contribution	\$ 433,531	\$ 413,159	\$ 436,784	\$ 436,785	\$ 455,288
Contributions in relation to the contractually required	<u>(433,531)</u>	<u>(413,159)</u>	<u>(443,704)</u>	<u>(436,785)</u>	<u>(455,288)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,920)</u>	<u>\$ -</u>	<u>\$ -</u>
Cooperative's Covered-employee Payroll	\$ 3,117,974	\$ 2,972,876	\$ 3,192,000	\$ 3,157,000	\$ 3,292,042
Contribution as a percentage of covered-employee payroll	13.90%	13.90%	13.90%	13.84%	13.83%

* These schedules are intended to present 10 years of trending history. However, information is not available prior to the year ended June 30, 2015 and, until a full 10-year trend is compiled, the District will present information for those years for which information is available.



SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY
Retiree Health Care Authority (RHCA) OPEB Plan
Last 10 Fiscal Years*

June 30,	2019	2018
Measurement date June 30,	2018	2017
District's proportion of the net OPEB liability	0.071270%	0.074400%
District's proportionate share of the net OPEB liability	\$ 3,099,072	\$ 3,370,658
District's covered-employee payroll	\$ 2,968,532	\$ 3,189,284
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	104.40%	105.69%
Plan fiduciary net position as a percentage of the total OPEB liability	13.14%	11.34%

* These schedules are intended to present 10 years of trending history. However, information is not available prior to the year ended June 30, 2018 and, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
Retiree Health Care Authority (RHCA) OPEB Plan
Last 10 Fiscal Years*

	2019	2018
Contractually required contribution	\$ 62,324	\$ 59,320
Contributions in relation to the contractually required	<u>(62,324)</u>	<u>(59,320)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's Covered-employee Payroll	\$ 3,117,974	\$ 2,968,532
Contribution as a percentage of covered-employee payroll	2.00%	2.00%

* These schedules are intended to present 10 years of trending history. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.



NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2019

Changes of benefit terms: The COLA and retirement eligibility benefits changes in recent years are described in the Benefits Provided subsection of the financial statement note disclosure General Information on the Pension Plan.

Changes of assumptions: ERB conducts an actuarial experience study for the Plan on a biennial basis. Based on the six-year actuarial experience study presented to the Board of Trustees on June 30, 2016. There were no modifications to the benefit provisions that were reflected in the actuarial valuation as of June 30, 2018.

Assumptions that were not changed:

- a. Wage inflation 3.25%
- b. Payroll growth 3.00%
- c. COLA assumption 1.90% per year
- d. Salary increases at 2.50% inflation, plus 0.75% productivity increase rate, plus step-rate promotional increases for less than ten years of service
- e. Inflation rate 2.50%
- f. Investment return 7.25%

See also the Note VI (B) *Actuarial Assumptions* of the financial statement note disclosure on the Pension Plan.

Changes of assumptions: RHCA conducts an actuarial experience study for the Plan on a biennial basis. Based on the six-year actuarial experience study presented to the Board of Trustees on June 30, 2017, RHCA implemented the following changes in assumptions for fiscal years 2018 and 2017.

The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2018. The mortality, retirement, disability, turnover and salary increase assumptions are based on the PERA annual valuation as of June 30, 2017 and the ERB actuarial experience study as of June 30, 2017.

- 1) Fiscal year 2018 valuation assumptions that changed based on this study:
 - a. Minor changes to demographic assumptions
- 2) Assumptions that were not changed:
 - a. Investment return 7.25%
 - b. Inflation rate 2.50% for ERB and 2.25 for PERA
 - c. Population growth per year at 0.00%
 - d. Health care cost trend rate 8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5%

See also the Note IV (C) *Actuarial Assumptions* of the financial statement note disclosure on the OPEB Plan.

OTHER SUPPLEMENTAL INFORMATION
OF
CHAMA VALLEY INDEPENDENT SCHOOLS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2019

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OTHER SUPPLEMENTAL INFORMATION

(*GENERAL FUNDS*)

Operating Fund (Fund No. 11000)

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

Teacherage Fund (Fund No. 12000)

Accounts for all financial resources used in the housing of teachers.

Transportation Fund (Fund No. 13000)

Accounts for all the Transportation funds received through the state that are used in the maintaining and operating vehicles used to transport students.

Instructional Materials Fund (Fund No. 14000)

Accounts for all the Instructional Materials funds received through the state for the purpose of acquiring study materials for the students.

STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

GENERAL FUNDS
Combining Balance Sheet
June 30, 2019

	<u>Operational</u> <u>Fund #11000</u>	<u>Teacherage</u> <u>Fund #12000</u>	<u>Transportation</u> <u>Fund #13000</u>	<u>Instructional</u> <u>Materials</u> <u>Fund #14000</u>	<u>Total General</u> <u>Funds</u>
Assets					
Receivables:					
Property taxes	\$ 14,048	\$ -	\$ -	\$ -	\$ 14,048
Due from other governments	983	-	-	-	983
Due from other funds	<u>118,558</u>	<u>77,600</u>	<u>-</u>	<u>7,263</u>	<u>203,421</u>
Total assets	<u>\$ 133,589</u>	<u>\$ 77,600</u>	<u>\$ -</u>	<u>\$ 7,263</u>	<u>\$ 218,452</u>
 Liabilities, deferred inflows and fund balance					
Liabilities:					
Accounts payable	\$ 114,508	\$ -	\$ 1,090	\$ -	\$ 115,598
Deferred inflows of resources:					
Delinquent property taxes	13,329	-	-	-	13,329
Fund balance:					
Unassigned	<u>5,752</u>	<u>77,600</u>	<u>(1,090)</u>	<u>7,263</u>	<u>89,525</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 133,589</u>	<u>\$ 77,600</u>	<u>\$ -</u>	<u>\$ 7,263</u>	<u>\$ 218,452</u>

STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

GENERAL FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2019

	<u>General Funds</u>				<u>Total General Fund</u>
	<u>Operational Fund #11000</u>	<u>Teacherage Fund #12000</u>	<u>Transportation Fund #13000</u>	<u>Instructional Materials Fund #14000</u>	
Revenues:					
Taxes:					
Property	\$ 50,496	\$ -	\$ -	\$ -	\$ 50,496
Intergovernmental - federal grants	64,688	-	-	-	64,688
Intergovernmental - state grants	4,596,719	-	258,609	12,489	4,867,817
Contributions - private grants	287	-	-	-	287
Charges for services	-	8,600	-	-	8,600
Miscellaneous	<u>150,232</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150,232</u>
Total revenue	<u>4,862,422</u>	<u>8,600</u>	<u>258,609</u>	<u>12,489</u>	<u>5,142,120</u>
Expenditures:					
Current:					
Instruction	2,478,879	-	-	21,735	2,500,614
Support services:					
Students	457,939	-	-	-	457,939
Instruction	58,523	-	-	-	58,523
General Administration	243,957	-	-	-	243,957
School Administration	454,120	-	-	-	454,120
Central Services	221,774	-	-	-	221,774
Operation & Maintenance of Plant	1,000,558	413	-	-	1,000,971
Student transportation	17,727	-	259,699	-	277,426
Other Support services	<u>198</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>198</u>
Total expenditures	<u>4,933,675</u>	<u>413</u>	<u>259,699</u>	<u>21,735</u>	<u>5,215,522</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(71,253)	8,187	(1,090)	(9,246)	(73,402)
Fund balance at beginning of the year	<u>77,005</u>	<u>69,413</u>	<u>-</u>	<u>16,509</u>	<u>162,927</u>
Fund balance at end of the year	<u>\$ 5,752</u>	<u>\$ 77,600</u>	<u>\$ (1,090)</u>	<u>\$ 7,263</u>	<u>\$ 89,525</u>

STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

OPERATIONAL FUND - NO. 11000
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Taxes:				
Property	\$ 48,410	\$ 48,410	\$ 50,451	\$ 2,041
Intergovernmental - federal grants	13,642	74,215	64,688	(9,527)
Intergovernmental - state grants	4,431,121	4,546,953	4,596,719	49,766
Contributions - private grants	30,500	30,500	287	(30,213)
Charges for services	300	300	-	(300)
Miscellaneous	<u>107,525</u>	<u>107,525</u>	<u>150,231</u>	<u>42,706</u>
Total revenues	<u>4,631,498</u>	<u>4,807,903</u>	<u>4,862,376</u>	<u>54,473</u>
Expenditures:				
Current:				
Instruction	2,481,011	2,481,011	2,478,879	2,132
Support services:				
Students	506,679	506,661	443,039	63,622
Instruction	59,116	60,108	58,640	1,468
General Administration	198,195	197,221	244,186	(46,965)
School Administration	448,259	448,259	454,201	(5,942)
Central Services	205,331	205,331	221,774	(16,443)
Operation & Maintenance of Plant	696,362	869,578	1,000,635	(131,057)
Student transportation	14,850	17,810	17,727	83
Other Support services	<u>154,333</u>	<u>154,562</u>	<u>228</u>	<u>154,334</u>
Total expenditures	<u>4,764,136</u>	<u>4,940,541</u>	<u>4,919,309</u>	<u>21,232</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(132,638)	(132,638)	(56,933)	75,705
<i>Beginning cash balance budgeted</i>	132,638	132,638	-	(132,638)
Fund balance at beginning of the year	-	-	<u>77,005</u>	<u>77,005</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	20,072	<u>\$ 20,072</u>
RECONCILIATION TO GAAP BASIS:				
Change in property tax receivable			1,696	
Change in due from other governments			160	
Change in payables			(14,367)	
Change in deferred property taxes			<u>(1,809)</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ 5,752</u>	

STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

TEACHERAGE FUND - NO. 12000
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Charges for services	\$ 8,000	\$ 8,000	\$ 8,600	\$ 600
Expenditures:				
Current:				
Support services:				
Operation & Maintenance of Plant	77,307	77,307	413	76,894
<i>Excess (deficiency) of revenues over expenditures</i>	(69,307)	(69,307)	8,187	77,494
<i>Beginning cash balance budgeted</i>	69,307	69,307	-	(69,307)
Fund balance at beginning of the year	-	-	69,413	69,413
Fund balance at end of the year	\$ -	\$ -	77,600	\$ 77,600
 RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ 77,600	

STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

TRANSPORTATION FUND - NO. 13000
**Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Intergovernmental - state grants	\$ 258,609	\$ 258,609	\$ 258,609	\$ -
Expenditures:				
Current:				
Support services:				
Student transportation	258,609	258,609	258,609	-
<i>Excess of revenues over expenditures</i>	-	-	-	-
Fund balance at beginning of the year	-	-	-	-
Fund balance at end of the year	\$ -	\$ -	-	\$ -
RECONCILIATION TO GAAP BASIS:				
Change in payables			(1,090)	
Fund balance (deficit) at end of the year (GAAP basis)			\$ (1,090)	

STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

INSTRUCTIONAL MATERIALS FUND - NO. 14000
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Intergovernmental - state grants	\$ 12,489	\$ 12,489	\$ 12,489	\$ -
Expenditures:				
Current:				
Instruction	28,997	28,997	21,735	7,262
<i>Excess (deficiency) of revenues over expenditures</i>	(16,508)	(16,508)	(9,246)	7,262
<i>Beginning cash balance budgeted</i>	16,508	16,508	-	(16,508)
Fund balance at beginning of the year	-	-	16,509	16,509
Fund balance at end of the year	\$ -	\$ -	7,263	\$ 7,263
 RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
Fund balance at end of the year (GAAP basis)			\$ 7,263	

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OTHER SUPPLEMENTAL INFORMATION
(NONMAJOR GOVERNMENTAL FUNDS)

Funds that did not meet the requirements of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis* to be considered Major Funds and have not been identified as Major Funds by management.

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Nonmajor Special Revenue Funds

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.

Food Service (Fund No. 21000) Minimum Balance: None
 This program provides financing for the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, Public Law 79-396, Sections 2-4, 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, 1779; Public Law 99-591, 100 stat. 3341; Public Law 100-71, 101 stat. 430.

Athletics (Fund No. 22000) Minimum Balance: None
 This fund provides financing for school athletic activities. Funding is provided by fees from patrons.

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.

Migrant Children Education (Fund No. 24103) Minimum Balance: None
 To support high quality education programs for migratory children and help ensure that migratory children who move among the states are not penalized in any manner by disparities among states in curriculum, graduation requirements, or state academic content and student academic achievement standards. Funds also ensure that migratory children not only are provided with appropriate education services (including supportive services) that address their special needs but also that such children receive full and appropriate opportunities to meet the same challenging state academic content and student academic achievement standards that all children are expected to meet. Federal funds are allocated by formula to SEAs, based on each state’s per pupil expenditure for education and counts of eligible migratory children, age 3 through 21, residing within the state. Authorization: The Elementary and Secondary Education Act of 1965 ,Title I, Part C, as amended by the No Child Left Behind Act of 2001; 20 U.S.C. 6391-6399.

Competitive / Discretionary IDEA-B (Fund No. 24107 & 24108) Minimum Balance: None
 The Entitlement/Competitive/Discretionary IDEA-B program is to provide 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 Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, and 101-476.

Fresh Fruits and Vegetables (Fund No. 24118) Minimum Balance: None
 To assist States, through cash grants, in providing free fresh fruits and vegetables to school children in designated participating schools beginning in school year 2004/2006. Authorization granted under National School Lunch Act, as amended, 42 U.S.C. 1769.

21ST Century Grant (Fund No. 24119) Minimum Balance: None
 After school 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.

Title V (Fund No. 24150) Minimum Balance: None
 To assist State and Local educational agencies in the reform of elementary and secondary education. Authorized by the Elementary and Secondary Education Act of 1965, Title VI, as amended, 20 U.S.C. 7301-7373.

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 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.



Nonmajor Special Revenue Funds (cont'd)

- 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.
- 21ST Century Community Living Centers** (Fund No. 24159) Minimum Balance: None
 After school 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.
- Reading First** (Fund No. 24167) Minimum Balance: None
 To provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. Authorization is granted by Elementary and Secondary Education Act of 1965 (ESEA), as amended, Public Law 107-110.
- ARRA – Entitlement IDEA-B** (Fund No. 24206) Minimum Balance: None
 Used in accordance with the IDEA, to help provide the special education and related services needed to make a free appropriate public education available to all eligible children and, in some cases, early intervening services. Authorization: Individuals with Disabilities Education (IDEA), as amended, Part B, Section 611-618, 20 U.S.C 1411-1418; American Recovery and Reinvestment Act of 2012 (ARRA), Public Law 111-5.
- Bilingual Education** (Fund No. 25109) Minimum Balance: None
 To develop and implement new comprehensive, coherent, and successful bilingual education or special alternative instructional programs for limited English proficient students including programs of early childhood education, kindergarten through twelfth grade education, gifted and talented education, and vocational and applied technology education; to improve the education of limited English proficient students and their families by implementing family education programs and parent outreach and training activities designed to assist parents to become active participants in the education of their children; to improve the instructional program by identifying, acquiring, and upgrading curriculum, instructional and educational software, and assessment procedures, to compensate personnel, including teacher aides who have been specifically trained, or are being trained, to provide services, and to provide tutorials and academic career counseling for children and youth of limited English proficiency. Authorized by Elementary and Secondary Education Act of 1965, as amended, Title VII, Part A.
- 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, 101-166, 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.
- Gear Up** (Fund No. 25211) Minimum Balance: None
 To encourage eligible entities to provide supportive services to elementary and middle schools, and secondary school students who are at risk of dropping out of school; 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.
- ARRA – State Revitalization** (Fund No. 25250) Minimum Balance: None
 To support and restore funding for elementary, secondary, and postsecondary education and, as applicable, early child hood education programs and services in States and local educational agencies. Authorization: American Recovery and Reinvestment Act of 2010 (ARRA), Division A, Title XIV, Public Law 111-5.



Nonmajor Special Revenue Funds (cont'd)

- | | |
|--|------------------------------|
| <p>Bill & Melinda Gates Foundation (Fund No. 26104)
 To provide superintendents and principals from public and private schools access to quality leadership development focused on technology integration and whole systems change</p> | <p>Minimum Balance: None</p> |
| <p>LANL Foundation (Fund No. 26113)
 Local grant sponsored by Los Alamos National Laboratory that was used to provide a scholarship to a senior high student that was to be used in a four-year program for educational efforts in pursuing an engineering degree at a New Mexico college or university.</p> | <p>Minimum Balance: None</p> |
| <p>Dual Credit Instructional Materials (Fund No. 27103)
 To be used for courses approved by Higher Education Department (HED) and through a college/university for which the district has an approved agreement.</p> | <p>Minimum Balance: None</p> |
| <p>Libraries GO Bond 2010 (Fund No. 27106)
 To be used to fund each library facility for improvement or acquisition and to acquire library books and library resources to support the library program. Funds generated by GO Bonds may not be used to supplant existing or prior library material funding within school districts receiving these monies. This funding will supplement and be in addition to current and existing funding. Authorized through Senate Bill 2010 SB333.</p> | <p>Minimum Balance: None</p> |
| <p>Library Go Bonds 2012 (Fund No. 27107)
 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).</p> | <p>Minimum Balance: None</p> |
| <p>Reads To Lead (Fund No. 27114)
 Provides an aligned approach for districts and schools to ensure that children can read by the end of third grade—giving them essential skills for future career and college success. It also provides regional and district reading coaches, supports for intervention, and professional development for parents, teachers, reading coaches, and administrators.</p> | <p>Minimum Balance: None</p> |
| <p>Robotics (Fund No. 27116)
 To purchase and install robot equipment, and related infrastructure, for the public school robot education programs that participate in the annual robot competition in Albuquerque.</p> | <p>Minimum Balance: None</p> |
| <p>Technology For Education (Fund No. 27117)
 State funding to provide financial assistance to school districts to improve educational opportunities for all students to close the technology gap between schools and the workplace through enhancement of computer education. The funding is provided by state resources and supplements the federal funding for the Technology Literacy Challenge grant. The creation of the fund is authorized by NMSA 1978 22-15A-1 TO 22-15A-10.</p> | <p>Minimum Balance: None</p> |
| <p>Excellence in Teaching (Fund No. 27125)
 The funding under this award must be used solely for Excellence in Teaching salary supplements. These salary supplements are \$5,000.00 or \$10,000.00 per teacher and may only be awarded to teachers who have met the award criteria.</p> | <p>Minimum Balance: None</p> |
| <p>Incentives For School Improvements (Fund No. 27138)
 State funding awarded to five School Districts in the state for achieving improved test scores of the students in their districts. The funds were used to purchase supplies and other textbooks for the school district. Authority for creation is NMSA 25-13A-1.</p> | <p>Minimum Balance: None</p> |
| <p>Truancy Initiative (Fund No. 27141)
 To assist the District in implementing programs and strategies for the purpose of identifying best practices for truancy prevention that are unique to New Mexico populations and cultures that will assist students to stay in school and succeed. Authority for the creation of this fund is the New Mexico Public Education Department.</p> | <p>Minimum Balance: None</p> |
| <p>Pre-K Initiative (Fund No. 27149)
 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.</p> | <p>Minimum Balance: None</p> |
| <p>Breakfast For Elementary Students (Fund No. 27155)
 To provide elementary students with the nutrition necessary to facilitate learning.</p> | <p>Minimum Balance: None</p> |



Nonmajor Special Revenue Funds (cont'd)

Chama Preschool (Fund No. 27161)	Minimum Balance: None
Funds to develop and implement voluntary NM PreK programs for 4 year olds throughout New Mexico to advance childhood development and readiness.	
Kindergarten – 3 Plus (27166)	Minimum Balance: None
Funds allow for an extended school year for Kindergarten through third grade students. The program focuses on acclimating young students to the structure of a classroom environment and spending additional time to prepare them for the next grade. Authority for the creation of this fund is the New Mexico Public Education Department.	
State 21st Century (Fund No. 27167)	Minimum Balance: None
To provide (1) opportunities for academic enrichment, including providing tutorial services to help students, particularly students in high-poverty areas and those who attend low-performing schools, meet State and local student performance standards in core academic subjects such as reading and mathematics; (2) students a broad array of additional services, programs, and activities, such as youth development activities, drug and violence prevention programs, counseling programs, art, music, and recreation programs, technology education programs, and character education programs, that are designed to reinforce and complement the regular academic program of participating students; and (3) families of students served by community learning centers opportunities for literacy and related educational development	
After School Enrichment (Fund No. 27168)	Minimum Balance: None
To provide funds for the Chama Middle School and Escalante Middle/High School for the After School and Summer Enrichment Programs. Authority for the fund is the NM Public Education Department, Special Appropriation Fund.	
Pre-K State (Fund No. 27169)	Minimum Balance: None
Funds to develop and implement voluntary NM PreK programs for 4-year-olds throughout New Mexico to advance childhood development and readiness.	
Libraries GO Bond 2006 (Fund No. 27170)	Minimum Balance: None
Funding made available to update and expand library collections.	
2013 School Buses (Fund No. 27178)	Minimum Balance: None
To provide for the purchase of school buses.	
Stem Teacher Initiative (Fund No. 27181)	Minimum Balance: None
The purpose of these funds is to provide a \$5,000 stipend per year to 125 highly effective STEM teachers to teach Science, Technology, Engineering, or Mathematics (grades 7-12) for two years to selve in hard to staff (low performing CD/F), rural, urban) schools.	
K3 4&5 Pilot (Fund No. 27198)	Minimum Balance: None
Funding to help School Districts to incentivize teacher in rural areas. Authority for the creation of the fund is the New Mexico Public Education Department.	
State Discretionary IDEA-B (Fund No. 27200)	Minimum Balance: None
To support the improvement of educational results and functional outcomes for all children with disabilities.	
Library Books (Fund No. 27549)	Minimum Balance: None
To support the purchase of library books. Authorized through New Mexico Senate Bill 471.	
Clothes Helping Kids (Fund No. 29102)	Minimum Balance: None
To work directly with children and youth, address educational needs, health issues, human services, the environment or traditional arts and culture.	



Nonmajor Capital Projects Funds

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

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.

Capital Improvements SB – 9 (Fund No. 31700) Minimum Balance: None
To account for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. Financing is provided by the State of New Mexico’s State Equalization Matching as authorized by the Public School District Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978).

Capital Improvements SB – 9 (Fund No. 31701) Minimum Balance: None
This fund provides financing for the purchase of equipment and capital improvements to School District property. Funding is received from a 2 mill property tax levy and interest earned on investments, under New Mexico Senate Bill 9.

Energy Efficiency Act (Fund No. 31800) Minimum Balance: None
This fund permits governmental agencies of the State of New Mexico to enter into contracts with providers to reduce energy costs. Funding is provided by the State of New Mexico by authority of NMSA 1987 6-23-1.

Nonmajor Debt Service Funds

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.

Education Technology Debt Service (Fund No. 43000) Minimum Balance: None
Used to account for the accumulation of resources for and the payment of, general long-term debt principal, interest, and related costs associated with the Education Technology bond issues.

STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2019

Special Revenue Funds

	Food Service Fund #21000	Athletics Fund #22000	Title I Fund #24101	Migrant Children Education Fund #24103	Discretionary IDEA-B Fund #24107
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 8,388
Receivables:					
Property taxes	-	-	-	-	-
Grant	27,641	-	15,149	764	-
Due from other governments	-	-	-	-	-
Due from other funds	<u>16,676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 44,317</u>	<u>\$ -</u>	<u>\$ 15,149</u>	<u>\$ 764</u>	<u>\$ 8,388</u>
Liabilities, deferred inflows and fund balance					
Liabilities:					
Accounts payable	\$ 35	\$ 36	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>15,149</u>	<u>764</u>	<u>-</u>
Total liabilities	<u>35</u>	<u>36</u>	<u>15,149</u>	<u>764</u>	<u>-</u>
Deferred inflows of resources:					
Advances of federal, state, and local grants	-	-	-	-	8,388
Delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,388</u>
Fund balance:					
Restricted for:					
Special revenue funds	44,282	-	-	-	-
Capital projects funds	-	-	-	-	-
Debt service	-	-	-	-	-
Unassigned	<u>-</u>	<u>(36)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>44,282</u>	<u>(36)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 44,317</u>	<u>\$ -</u>	<u>\$ 15,149</u>	<u>\$ 764</u>	<u>\$ 8,388</u>

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STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2019

	Special Revenue Funds			
	Competitive IDEA-B <u>Fund #24108</u>	Preschool IDEA-B <u>Fund #24109</u>	Fresh Fruits and Vegetables <u>Fund #24118</u>	21st Century Grant <u>Fund #24119</u>
Assets				
Cash and cash equivalents	\$ 916	\$ -	\$ 1,303	\$ -
Receivables:				
Property taxes	-	-	-	-
Grant	-	5,597	-	7,237
Due from other governments	-	-	-	-
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 916</u>	<u>\$ 5,597</u>	<u>\$ 1,303</u>	<u>\$ 7,237</u>
Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>5,597</u>	<u>-</u>	<u>7,237</u>
Total liabilities	<u>-</u>	<u>5,597</u>	<u>-</u>	<u>7,237</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	916	-	1,303	-
Delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>916</u>	<u>-</u>	<u>1,303</u>	<u>-</u>
Fund balance:				
Restricted for:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Debt service	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 916</u>	<u>\$ 5,597</u>	<u>\$ 1,303</u>	<u>\$ 7,237</u>

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STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2019

Special Revenue Funds

	Title V Fund #24150	Title III English Language Fund #24153	Title II Teacher Quality Fund #24154	21st Century Community Living Centers Fund #24159	Reading First Fund #24167
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables:					
Property taxes	-	-	-	-	-
Grant	7	14,640	40,285	604	11,826
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 7</u>	<u>\$ 14,640</u>	<u>\$ 40,285</u>	<u>\$ 604</u>	<u>\$ 11,826</u>
Liabilities, deferred inflows and fund balance					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 915	\$ -	\$ -
Due to other funds	7	14,640	39,370	604	11,826
Total liabilities	<u>7</u>	<u>14,640</u>	<u>40,285</u>	<u>604</u>	<u>11,826</u>
Deferred inflows of resources:					
Advances of federal, state, and local grants	-	-	-	-	-
Delinquent property taxes	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:					
Restricted for:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Debt service	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 7</u>	<u>\$ 14,640</u>	<u>\$ 40,285</u>	<u>\$ 604</u>	<u>\$ 11,826</u>

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STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2019

	Special Revenue Funds			
	ARRA - Entitlement IDEA-B <u>Fund #24206</u>	Bilingual Education <u>Fund #25109</u>	Title XIX Medicaid <u>Fund #25153</u>	Gear Up <u>Fund #25211</u>
Assets				
Cash and cash equivalents	\$ 2,226	\$ 4	\$ -	\$ -
Receivables:				
Property taxes	-	-	-	-
Grant	-	-	-	85,888
Due from other governments	-	-	-	-
Due from other funds	<u>-</u>	<u>-</u>	<u>54,052</u>	<u>-</u>
Total assets	<u>\$ 2,226</u>	<u>\$ 4</u>	<u>\$ 54,052</u>	<u>\$ 85,888</u>
Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 71	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,888</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>71</u>	<u>85,888</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	-	-
Delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:				
Restricted for:				
Special revenue funds	2,226	4	53,981	-
Capital projects funds	-	-	-	-
Debt service	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>2,226</u>	<u>4</u>	<u>53,981</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 2,226</u>	<u>\$ 4</u>	<u>\$ 54,052</u>	<u>\$ 85,888</u>

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STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2019

Special Revenue Funds

	ARRA - State Revitalization Fund #25250	Bill & Melinda Gates Foundation Fund #26104	LANL Foundation Fund #26113	Dual Credit Instructional Materials Fund #27103	Libraries GO Bond 2010 Fund #27106
Assets					
Cash and cash equivalents	\$ 6	\$ 44	\$ 2,553	\$ -	\$ -
Receivables:					
Property taxes	-	-	-	-	-
Grant	-	-	-	1,562	162
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 6</u>	<u>\$ 44</u>	<u>\$ 2,553</u>	<u>\$ 1,562</u>	<u>\$ 162</u>
Liabilities, deferred inflows and fund balance					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	1,562	162
Total liabilities	-	-	-	1,562	162
Deferred inflows of resources:					
Advances of federal, state, and local grants	-	-	-	-	-
Delinquent property taxes	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund balance:					
Restricted for:					
Special revenue funds	6	44	2,553	-	-
Capital projects funds	-	-	-	-	-
Debt service	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	6	44	2,553	-	-
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 6</u>	<u>\$ 44</u>	<u>\$ 2,553</u>	<u>\$ 1,562</u>	<u>\$ 162</u>

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STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2019

Special Revenue Funds

	Libraries GO Bond 2012 <u>Fund #27107</u>	Reads to Lead <u>Fund #27114</u>	Robotics <u>Fund #27116</u>	Technology for Education <u>Fund #27117</u>	Excellence in Teaching <u>Fund #27125</u>
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 10,730	\$ -
Receivables:					
Property taxes	-	-	-	-	-
Grant	4,395	396	7,000	-	-
Due from other governments	-	-	-	-	-
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 4,395</u>	<u>\$ 396</u>	<u>\$ 7,000</u>	<u>\$ 10,730</u>	<u>\$ -</u>
Liabilities, deferred inflows and fund balance					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>4,395</u>	<u>396</u>	<u>7,000</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>4,395</u>	<u>396</u>	<u>7,000</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:					
Advances of federal, state, and local grants	-	-	-	-	-
Delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:					
Restricted for:					
Special revenue funds	-	-	-	10,730	-
Capital projects funds	-	-	-	-	-
Debt service	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,730</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 4,395</u>	<u>\$ 396</u>	<u>\$ 7,000</u>	<u>\$ 10,730</u>	<u>\$ -</u>

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STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2019

	Special Revenue Funds			
	Incentives for School Improvement <u>Fund #27138</u>	Truancy Initiative <u>Fund #27141</u>	Pre-K Initiative <u>Fund #27149</u>	Breakfast for Elementary Students <u>Fund #27155</u>
Assets				
Cash and cash equivalents	\$ 1,804	\$ -	\$ -	\$ -
Receivables:				
Property taxes	-	-	-	-
Grant	-	-	65,724	4,677
Due from other governments	-	-	-	-
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,804</u>	<u>\$ -</u>	<u>\$ 65,724</u>	<u>\$ 4,677</u>
Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>65,724</u>	<u>4,677</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>65,724</u>	<u>4,677</u>
Deferred inflows of resources:				
Advances of federal, state, and local grants	-	-	-	-
Delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:				
Restricted for:				
Special revenue funds	1,804	-	-	-
Capital projects funds	-	-	-	-
Debt service	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>1,804</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,804</u>	<u>\$ -</u>	<u>\$ 65,724</u>	<u>\$ 4,677</u>

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STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2019

Special Revenue Funds

	<u>Chama Preschool Fund #27161</u>	<u>Kindergarten 3- Plus Fund #27166</u>	<u>State 21st Century Fund #27167</u>	<u>After School Enrichment Fund #27168</u>	<u>Pre-K State Fund #27169</u>
Assets					
Cash and cash equivalents	\$ 10,770	\$ -	\$ 674	\$ -	\$ 71
Receivables:					
Property taxes	-	-	-	-	-
Grant	-	17,336	-	-	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	22,879	-
Total assets	<u>\$ 10,770</u>	<u>\$ 17,336</u>	<u>\$ 674</u>	<u>\$ 22,879</u>	<u>\$ 71</u>
Liabilities, deferred inflows and fund balance					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	14,062	-	22,879	-
Total liabilities	-	14,062	-	22,879	-
Deferred inflows of resources:					
Advances of federal, state, and local grants	-	-	-	-	-
Delinquent property taxes	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund balance:					
Restricted for:					
Special revenue funds	10,770	3,274	674	-	71
Capital projects funds	-	-	-	-	-
Debt service	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	10,770	3,274	674	-	71
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 10,770</u>	<u>\$ 17,336</u>	<u>\$ 674</u>	<u>\$ 22,879</u>	<u>\$ 71</u>

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STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2019

Special Revenue Funds

	Libraries GO Bond 2006 <u>Fund #27170</u>	2013 School Buses <u>Fund #27178</u>	STEM Teacher Initiative <u>Fund #27181</u>	K3 4&5 Pilot <u>Fund #27198</u>	State Discretionary IDEA-B <u>Fund #27200</u>
Assets					
Cash and cash equivalents	\$ -	\$ 22,879	\$ -	\$ -	\$ 668
Receivables:					
Property taxes	-	-	-	-	-
Grant	10,180	-	24,365	15,314	-
Due from other governments	-	-	-	-	-
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 10,180</u>	<u>\$ 22,879</u>	<u>\$ 24,365</u>	<u>\$ 15,314</u>	<u>\$ 668</u>
Liabilities, deferred inflows and fund balance					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	<u>10,180</u>	<u>22,879</u>	<u>6,140</u>	<u>15,314</u>	<u>-</u>
Total liabilities	<u>10,180</u>	<u>22,879</u>	<u>6,140</u>	<u>15,314</u>	<u>-</u>
Deferred inflows of resources:					
Advances of federal, state, and local grants	-	-	-	-	-
Delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:					
Restricted for:					
Special revenue funds	-	-	18,225	-	668
Capital projects funds	-	-	-	-	-
Debt service	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>18,225</u>	<u>-</u>	<u>668</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 10,180</u>	<u>\$ 22,879</u>	<u>\$ 24,365</u>	<u>\$ 15,314</u>	<u>\$ 668</u>

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STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2019

	Special Revenue Funds			Capital Projects Funds	
	Library Books Fund #27549	Clothes Helping Kids Fund #29102	Total Non-Major Special Revenue Funds	Special Capital Outlay - State Fund #31400	State SB-9 Match Fund #31700
Assets					
Cash and cash equivalents	\$ 1,237	\$ 5,952	\$ 70,225	\$ 116,257	\$ -
Receivables:					
Property taxes	-	-	-	-	-
Grant	-	-	360,749	-	2,768
Due from other governments	-	-	-	-	-
Due from other funds	-	-	93,607	-	-
Total assets	<u>\$ 1,237</u>	<u>\$ 5,952</u>	<u>\$ 524,581</u>	<u>\$ 116,257</u>	<u>\$ 2,768</u>
Liabilities, deferred inflows and fund balance					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 1,057	\$ -	\$ -
Due to other funds	-	-	356,452	-	3,993
Total liabilities	-	-	357,509	-	3,993
Deferred inflows of resources:					
Advances of federal, state, and local grants	-	-	10,607	-	-
Delinquent property taxes	-	-	-	-	-
Total deferred inflows of resources	-	-	10,607	-	-
Fund balance:					
Restricted for:					
Special revenue funds	1,237	5,952	156,501	-	-
Capital projects funds	-	-	-	116,257	-
Debt service	-	-	-	-	-
Unassigned	-	-	(36)	-	(1,225)
Total fund balance	1,237	5,952	156,465	116,257	(1,225)
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1,237</u>	<u>\$ 5,952</u>	<u>\$ 524,581</u>	<u>\$ 116,257</u>	<u>\$ 2,768</u>

(cont'd; 10 of 11)

STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2019

Capital Projects Funds

	Capital Improvements SB-9 <u>Fund #31701</u>	Energy Efficiency Act <u>Fund #31800</u>	Total Non-Major Capital Projects <u>Funds</u>	Ed Tech Debt Service <u>Fund #43000</u>	Total Nonmajor Governmental <u>Funds</u>
Assets					
Cash and cash equivalents	\$ 99,891	\$ 11	\$ 216,159	\$ 618	\$ 287,002
Receivables:					
Property taxes	79,971	-	79,971	-	79,971
Grant	-	-	2,768	-	363,517
Due from other governments	5,899	-	5,899	-	5,899
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,607</u>
Total assets	<u>\$ 185,761</u>	<u>\$ 11</u>	<u>\$ 304,797</u>	<u>\$ 618</u>	<u>\$ 829,996</u>
Liabilities, deferred inflows and fund balance					
Liabilities:					
Accounts payable	\$ 170	\$ -	\$ 170	\$ -	\$ 1,227
Due to other funds	<u>-</u>	<u>-</u>	<u>3,993</u>	<u>-</u>	<u>360,445</u>
Total liabilities	<u>170</u>	<u>-</u>	<u>4,163</u>	<u>-</u>	<u>361,672</u>
Deferred inflows of resources:					
Advances of federal, state, and local grants	-	-	-	-	10,607
Delinquent property taxes	<u>76,040</u>	<u>-</u>	<u>76,040</u>	<u>-</u>	<u>76,040</u>
Total deferred inflows of resources	<u>76,040</u>	<u>-</u>	<u>76,040</u>	<u>-</u>	<u>86,647</u>
Fund balance:					
Restricted for:					
Special revenue funds	-	-	-	-	156,501
Capital projects funds	109,551	11	225,819	-	225,819
Debt service	-	-	-	618	618
Unassigned	<u>-</u>	<u>-</u>	<u>(1,225)</u>	<u>-</u>	<u>(1,261)</u>
Total fund balance	<u>109,551</u>	<u>11</u>	<u>224,594</u>	<u>618</u>	<u>381,677</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 185,761</u>	<u>\$ 11</u>	<u>\$ 304,797</u>	<u>\$ 618</u>	<u>\$ 829,996</u>

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STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2019**

	Special Revenue Funds			
	Food Service Fund #21000	Athletics Fund #22000	Title I Fund #24101	Migrant Children Education Fund #24103
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	249,530	-	82,682	-
Intergovernmental - state grants	2,409	-	-	-
Charges for services	2,454	24,025	-	-
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>254,393</u>	<u>24,025</u>	<u>82,682</u>	<u>-</u>
Expenditures:				
Current:				
Instruction	-	28,399	26,307	-
Support services:				
Students	-	-	56,375	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	250,193	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>250,193</u>	<u>28,399</u>	<u>82,682</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>4,200</u>	<u>(4,374)</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) as previously reported	40,082	4,338	-	-
Restatement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) as restated	<u>40,082</u>	<u>4,338</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) at end of the year	<u>\$ 44,282</u>	<u>\$ (36)</u>	<u>\$ -</u>	<u>\$ -</u>

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STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2019**

	Special Revenue Funds			
	Discretionary IDEA-B <u>Fund #24107</u>	Competitive IDEA-B <u>Fund #24108</u>	Preschool IDEA-B <u>Fund #24109</u>	Fresh Fruits and Vegetables <u>Fund #24118</u>
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	-	-	3,973	-
Intergovernmental - state grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	3,973	-
Expenditures:				
Current:				
Instruction	-	-	1,668	-
Support services:				
Students	-	-	683	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	1,622	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	3,973	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
Fund balance (deficit) as previously reported	-	-	-	-
Restatement	-	-	-	-
Fund balance (deficit) as restated	-	-	-	-
Fund balance (deficit) at end of the year	\$ -	\$ -	\$ -	\$ -

(cont'd; 2 of 13)

STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2019**

	Special Revenue Funds			
	21st Century Grant <u>Fund #24119</u>	Title V <u>Fund #24150</u>	Title III English Language <u>Fund #24153</u>	Title II Teacher Quality <u>Fund #24154</u>
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	79,427	-	-	12,980
Intergovernmental - state grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	79,427	-	-	12,980
Expenditures:				
Current:				
Instruction	46,818	-	-	7,507
Support services:				
Students	-	-	-	635
Instruction	-	-	-	482
General Administration	4,115	-	-	1,170
School Administration	26,326	-	-	3,186
Central Services	2,168	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	79,427	-	-	12,980
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
Fund balance (deficit) as previously reported	-	-	-	-
Restatement	-	-	-	-
Fund balance (deficit) as restated	-	-	-	-
Fund balance (deficit) at end of the year	\$ -	\$ -	\$ -	\$ -

(cont'd; 3 of 13)

STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2019**

	Special Revenue Funds			
	21st Century Community Living Centers Fund #24159	Reading First Fund #24167	ARRA - Entitlement IDEA-B Fund #24206	Bilingual Education Fund #25109
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	-	-	-	-
Intergovernmental - state grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Current:				
Instruction	-	-	-	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
Fund balance (deficit) as previously reported	-	-	2,226	4
Restatement	-	-	-	-
Fund balance (deficit) as restated	-	-	2,226	4
Fund balance (deficit) at end of the year	\$ -	\$ -	\$ 2,226	\$ 4

(cont'd; 4 of 13)

STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2019**

	Special Revenue Funds			
	Title XIX Medicaid <u>Fund #25153</u>	Gear Up <u>Fund #25211</u>	ARRA - State Revitalization <u>Fund #25250</u>	Bill & Melinda Gates Foundation <u>Fund #26104</u>
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	49,526	-	-	-
Intergovernmental - state grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	49,526	-	-	-
Expenditures:				
Current:				
Instruction	16,469	-	-	-
Support services:				
Students	22,865	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	21,645	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	6,600	-	-	-
Total expenditures	67,579	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	(18,053)	-	-	-
Fund balance (deficit) as previously reported	72,034	-	6	44
Restatement	-	-	-	-
Fund balance (deficit) as restated	72,034	-	6	44
Fund balance (deficit) at end of the year	\$ 53,981	\$ -	\$ 6	\$ 44

(cont'd; 5 of 13)

STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2019**

	Special Revenue Funds				
	LANL Foundation Fund #26113	Dual Credit Instructional Materials Fund #27103	Libraries GO Bond 2010 Fund #27106	Libraries GO Bond 2012 Fund #27107	Reads to Lead Fund #27114
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	-	-	-	-	-
Intergovernmental - state grants	-	7,362	-	-	-
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>-</u>	<u>7,362</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:					
Current:					
Instruction	-	7,362	-	-	-
Support services:					
Students	-	-	-	-	-
Instruction	-	-	-	-	-
General Administration	-	-	-	-	-
School Administration	-	-	-	-	-
Central Services	-	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Food services operations	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	<u>-</u>	<u>7,362</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) as previously reported	2,553	-	-	-	-
Restatement	-	-	-	-	-
Fund balance (deficit) as restated	<u>2,553</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) at end of the year	<u>\$ 2,553</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(cont'd; 6 of 13)

STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2019**

	Special Revenue Funds			
	Robotics Fund #27116	Technology for Education Fund #27117	Excellence in Teaching Fund #27125	Incentives for School Improvement Fund #27138
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	-	-	-	-
Intergovernmental - state grants	-	-	5,382	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	5,382	-
Expenditures:				
Current:				
Instruction	-	-	5,382	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	5,382	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
Fund balance (deficit) as previously reported	-	10,730	-	1,804
Restatement	-	-	-	-
Fund balance (deficit) as restated	-	10,730	-	1,804
Fund balance (deficit) at end of the year	\$ -	\$ 10,730	\$ -	\$ 1,804

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STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2019**

	Special Revenue Funds			
	Truancy Initiative <u>Fund #27141</u>	Pre-K Initiative <u>Fund #27149</u>	Breakfast for Elementary Students <u>Fund #27155</u>	Chama Preschool <u>Fund #27161</u>
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	-	-	-	-
Intergovernmental - state grants	-	64,124	4,677	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	64,124	4,677	-
Expenditures:				
Current:				
Instruction	-	64,124	-	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	4,677	-
Capital outlay	-	-	-	-
Total expenditures	-	64,124	4,677	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
Fund balance (deficit) as previously reported	-	-	-	10,770
Restatement	-	-	-	-
Fund balance (deficit) as restated	-	-	-	10,770
Fund balance (deficit) at end of the year	\$ -	\$ -	\$ -	\$ 10,770

(cont'd; 8 of 13)

STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2019**

	Special Revenue Funds			
	Kindergarten 3- Plus <u>Fund #27166</u>	State 21st Century <u>Fund #27167</u>	After School Enrichment <u>Fund #27168</u>	Pre-K State <u>Fund #27169</u>
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	-	-	-	-
Intergovernmental - state grants	49,601	-	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	49,601	-	-	-
Expenditures:				
Current:				
Instruction	47,130	-	-	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	2,471	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	49,601	-	-	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
Fund balance (deficit) as previously reported	3,274	674	-	71
Restatement	-	-	-	-
Fund balance (deficit) as restated	3,274	674	-	71
Fund balance (deficit) at end of the year	\$ 3,274	\$ 674	\$ -	\$ 71

(cont'd; 9 of 13)

STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2019**

	Special Revenue Funds			
	Libraries GO Bond 2006 <u>Fund #27170</u>	2013 School Buses <u>Fund #27178</u>	STEM Teacher Initiative <u>Fund #27181</u>	K3 4&5 Pilot <u>Fund #27198</u>
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	-	-	-	-
Intergovernmental - state grants	-	-	-	15,315
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	-	-	15,315
Expenditures:				
Current:				
Instruction	-	-	-	13,408
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student transportation	-	-	-	1,907
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	-	-	-	15,315
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
Fund balance (deficit) as previously reported	-	22,879	18,225	-
Restatement	-	(22,879)	-	-
Fund balance (deficit) as restated	-	-	18,225	-
Fund balance (deficit) at end of the year	\$ -	\$ -	\$ 18,225	\$ -

(cont'd; 10 of 13)

STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2019**

	Special Revenue Funds			Total Nonmajor Special Revenue Funds
	State Discretionary IDEA-B <u>Fund #27200</u>	Library Books <u>Fund #27549</u>	Clothes Helping Kids <u>Fund #29102</u>	
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	-	-	-	478,118
Intergovernmental - state grants	-	-	-	148,870
Charges for services	-	-	-	26,479
Miscellaneous	-	-	-	-
Total revenues	-	-	-	653,467
Expenditures:				
Current:				
Instruction	-	-	-	264,574
Support services:				
Students	-	-	-	80,558
Instruction	-	-	-	482
General Administration	-	-	-	5,285
School Administration	-	-	-	55,250
Central Services	-	-	-	2,168
Operation & Maintenance of Plant	-	-	-	-
Student transportation	-	-	-	1,907
Food services operations	-	-	-	254,870
Capital outlay	-	-	-	6,600
Total expenditures	-	-	-	671,694
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	(18,227)
Fund balance (deficit) as previously reported	668	1,237	5,952	197,571
Restatement	-	-	-	(22,879)
Fund balance (deficit) as restated	668	1,237	5,952	174,692
Fund balance (deficit) at end of the year	\$ 668	\$ 1,237	\$ 5,952	\$ 156,465

(cont'd; 11 of 13)

STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2019**

	Capital Projects Funds			
	Special Capital Outlay - State Fund #31400	State SB-9 Match Fund #31700	Capital Improvements SB-9 Fund #31701	Energy Efficiency Act Fund #31800
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ 290,154	\$ -
Intergovernmental - federal grants	-	-	-	-
Intergovernmental - state grants	-	9,358	-	-
Charges for services	-	-	-	-
Miscellaneous	-	-	22,250	-
Total revenues	-	9,358	312,404	-
Expenditures:				
Current:				
Instruction	-	-	-	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	2,911	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	9,358	212,794	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	14,172	-
Total expenditures	-	9,358	229,877	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	82,527	-
Fund balance (deficit) as previously reported	116,257	(1,225)	27,024	11
Restatement	-	-	-	-
Fund balance (deficit) as restated	116,257	(1,225)	27,024	11
Fund balance (deficit) at end of the year	\$ 116,257	\$ (1,225)	\$ 109,551	\$ 11

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STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2019**

	Total Nonmajor Capital Projects <u>Funds</u>	Ed Tech Debt Service <u>Fund #43000</u>	Total Nonmajor Governmental <u>Funds</u>
Revenues:			
Taxes:			
Property	\$ 290,154	\$ -	\$ 290,154
Intergovernmental - federal grants	-	-	478,118
Intergovernmental - state grants	9,358	-	158,228
Charges for services	-	-	26,479
Miscellaneous	<u>22,250</u>	<u>-</u>	<u>22,250</u>
Total revenues	<u>321,762</u>	<u>-</u>	<u>975,229</u>
Expenditures:			
Current:			
Instruction	-	-	264,574
Support services:			
Students	-	-	80,558
Instruction	-	-	482
General Administration	2,911	-	8,196
School Administration	-	-	55,250
Central Services	-	-	2,168
Operation & Maintenance of Plant	222,152	-	222,152
Student transportation	-	-	1,907
Food services operations	-	-	254,870
Capital outlay	<u>14,172</u>	<u>-</u>	<u>20,772</u>
Total expenditures	<u>239,235</u>	<u>-</u>	<u>910,929</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>82,527</u>	<u>-</u>	<u>64,300</u>
Fund balance (deficit) as previously reported	142,067	618	340,256
Restatement	<u>-</u>	<u>-</u>	<u>(22,879)</u>
Fund balance (deficit) as restated	<u>142,067</u>	<u>618</u>	<u>317,377</u>
Fund balance (deficit) at end of the year	<u>\$ 224,594</u>	<u>\$ 618</u>	<u>\$ 381,677</u>

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OTHER SUPPLEMENTAL INFORMATION

(STATE REQUIRED DISCLOSURES)

Supplemental schedules required by the State of
New Mexico to provide additional analysis.

STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

FIDUCIARY FUNDS
Schedule of Changes in Assets and Liabilities - All Agency Funds
Year Ended June 30, 2019

<u>ASSETS</u>	Balance <u>June 30, 2018</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance <u>June 30, 2019</u>
Cash and cash equivalents:				
Central Office	\$ 374	\$ -	\$ -	\$ 374
Escalante High School	30,465	58,944	57,064	32,345
Chama Middle School	4,101	2,850	2,981	3,970
Chama Elementary School	4,534	1,515	3,029	3,020
Tierra Amarilla Elementary School	4,824	10,615	8,839	6,600
	<u>\$ 44,298</u>	<u>\$ 73,924</u>	<u>\$ 71,913</u>	<u>\$ 46,309</u>
<u>LIABILITIES</u>				
Deposits held for others	<u>\$ 44,298</u>	<u>\$ 73,924</u>	<u>\$ 71,913</u>	<u>\$ 46,309</u>

STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

SCHEDULE OF PLEDGED COLLATERAL
June 30, 2019

	<u>New Mexico Bank & Trust</u>	<u>New Mexico Finance Authority</u>	<u>Total</u>
Cash on deposit at June 30, 2019:			
Checking and savings	\$ 1,099,925	\$ 2,950,600	\$ 4,050,525
Less: FDIC coverage	<u>(250,000)</u>	<u>-</u>	<u>(250,000)</u>
Uninsured funds	<u>\$ 849,925</u>	<u>\$ 2,950,600</u>	<u>\$ 3,800,525</u>
 Amount requiring pledged collateral:			
50% collateral requirement	\$ 424,963	\$ 1,475,300	\$ 1,900,263
Pledged collateral	<u>274,278</u>	<u>2,950,600</u>	<u>3,224,878</u>
Excess (deficiency) of pledged collateral	<u>\$ (150,685)</u>	<u>\$ 1,475,300</u>	<u>\$ 1,324,615</u>

Pledged collateral of financial institutions consists of the following at June 30, 2019

<u>New Mexico Bank & Trust:</u>	<u>Maturity</u>	<u>CUSIP #</u>	<u>Market Value</u>
GNMA	5/20/2062	38375BSF0	<u>\$ 274,278</u>

The above securities are held at Suntrust Bank, Atlanta, GA.

STATE OF NEW MEXICO
CHAMA VALLEY INDEPENDENT SCHOOLS

CASH RECONCILIATION
Year Ended June 30, 2019

	Beginning Cash	Receipts	Distributions	Other	Net Cash End of Period	Adjustments to the report	Total Cash on Report
Operations	\$ 92,818	\$ 4,862,376	\$ 4,919,309	\$ -	\$ 35,885	\$ (35,885)	\$ -
Teacherage	69,413	8,600	413	-	77,600	(77,600)	-
Transportation	-	258,609	258,609	-	-	-	-
Instructional Materials	16,509	12,489	21,735	-	7,263	(7,263)	-
Food Services	40,082	208,575	231,981	-	16,676	(16,676)	-
Athletics	4,338	24,025	28,363	-	-	-	-
Federal Flowthrough Funds	(195,917)	241,824	269,947	-	(224,040)	236,873	12,833
Federal Direct Funds	(13,844)	49,525	67,507	-	(31,826)	31,836	10
Local Grants	2,597	-	-	-	2,597	-	2,597
State Flowthrough Funds	(85,450)	128,253	146,461	-	(103,658)	152,491	48,833
Local/State	5,952	-	-	-	5,952	-	5,952
Bond Building	2,940,356	64,696	1,168,153	1,105,007	2,941,906	8,694	2,950,600
Special Capital Outlay - State	116,257	-	-	-	116,257	-	116,257
State SB-9 Match	(37,975)	43,340	9,358	-	(3,993)	3,993	-
Capital Improvements SB-9	27,047	313,387	240,543	-	99,891	-	99,891
Energy Efficiency Act	11	-	-	-	11	-	11
Debt Service	853,568	1,200,714	1,280,315	-	773,967	(213,790)	560,177
Ed Tech Debt Service	618	-	-	-	618	-	618
Agency Funds	-	-	-	-	-	46,309	46,309
Total	\$ 3,836,380	\$ 7,416,413	\$ 8,642,694	\$ 1,105,007	\$ 3,715,106	\$ 128,982	\$ 3,844,088

<u>Account Name</u>	<u>Account Type</u>	<u>Bank Name</u>	<u>Bank Amount</u>	Adjustments to report:	
Operational	Checking - Interest	NM Bank & Trust	\$ 1,099,925	Agency funds	\$ 46,309
Capital Projects	Escrow	NM Fainance Authority	2,950,600	Interfund loans - pooled cash ⁽¹⁾	433,887
			<u>\$ 4,050,525</u>	Interfund loans - pooled cash ⁽¹⁾	(433,887)
				Total adjustment to the report	<u>\$ 46,309</u>

Adjustments to cash:	
Bank Balance	\$ 4,050,525
Cash on hand	-
Outstanding deposits	-
Outstanding checks	(206,437)
Errors	-
Total adjusted cash	<u>\$ 3,844,088</u>

COMPLIANCE SECTION

Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards

§

Schedule of Findings and Responses:

Summary of Auditor's Results

Financial Statement Findings

§

Summary Schedule of Prior Year Audit Findings

§

Required Disclosure

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

INDEPENDENT AUDITORS' REPORT

Brian S. Colón, Esq., State Auditor and
The Board of Education and Audit Committee of
Chama Valley Independent Schools

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

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered Chama Valley Independent Schools' 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 Chama Valley Independent Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Chama Valley Independent Schools' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses. Finding 2019-001.

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. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies. Finding 2019-002 and 2019-003.

Compliance and other matters

As part of obtaining reasonable assurance about whether Chama Valley Independent Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. We also noted certain other matters that are required to be reported pursuant to *Government Auditing Standards* and pursuant to Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as finding 2019-004, 2019-005, and 2019-006.

Brian S. Colón, Esq., State Auditor and
The Board of Education and Audit Committee of
Chama Valley Independent Schools

Chama Valley Independent Schools' Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Chama Valley Independent Schools' 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.

Accounting & Financial Solutions, LLC
Farmington, New Mexico
October 15, 2019





I. SUMMARY OF AUDIT RESULTS

	<u>Yes</u>	<u>No</u>	<u>Occurrences</u>
FINANCIAL STATEMENTS:			
Type of auditor's report issued: <u>Unmodified</u>			
Internal control over financial reporting:			
Material weakness(es) identified?	<u>✓</u>	<u> </u>	<u> 1</u>
Significant deficiency(ies) identified?	<u>✓</u>	<u> </u>	<u> 2</u>
Noncompliance material to financial statements noted?	<u> </u>	<u>✓</u>	<u> -</u>
NEW MEXICO STATE REQUIREMENTS:			
Internal control over state requirements:			
Other Noncompliance?	<u>✓</u>	<u> </u>	<u> 3</u>
Finding that does not rise to the level of significant deficiency?	<u> </u>	<u>✓</u>	<u> -</u>



II. AUDIT FINDINGS - FINANCIAL STATEMENTS

2019 – 001 DORMANT FUNDS (Original No. FS2014-003)
 (Repeat of prior year finding; updated and revised)
Material Weakness

Condition: The District has special revenue funds in the general ledger that are carrying balances forward from year to year but are not being utilized. These funds are as follows:

<u>Fund#</u>	<u>Fund Name</u>	<u>Amount</u>	<u>Fund#</u>	<u>Fund Name</u>	<u>Amount</u>
24103	Migrant Children Ed	(763.92)	27106	Libraries GO Bond 2010	(162.36)
24107	Discretionary IDEA-B	8,388.42	27107	Libraries GO Bond 2012	(4,394.54)
24108	Competitive IDEA-B	916.22	27114	Reads to Lead	(395.85)
24118	Fresh Fruits and Vegetables	1,303.21	27116	Robotics	(7,000.00)
24150	Title V-Part A Innovative Ed	(6.93)	27117	Technology for Education PED	10,729.82
24153	Title III English Language	(14,639.57)	27138	Incentives for School Impr. Act	1,804.23
24157	Safe & Drug Free Schools	(0.26)	27154	Beg Teacher Mentoring	(0.04)
24159	21st Century Community Living	(603.55)	27161	Chama Pre-K	10,770.38
24167	Reading First	(11,825.93)	27167	State -21st Century	674.11
24201	Title I Federal Stimulus	(0.45)	27168	After School Enrichment	(22,878.51)
24206	IDEA-B Entitlement Stimulus	2,226.30	27169	Pre-K State	71.37
25109	Bilingual Ed/Comp School	3.74	27170	Libraries GO Bonds	(10,179.68)
25211	Gear-Up	(85,887.85)	27178	2013 School Buses	22,878.51
25233	Rural Education - ARRA	(0.31)	27181	STEM Teacher Initiative	(24,365.00)
25250	Federal ARRA Stimulus	5.87	27200	Discretionary IDEA-B	667.81
25255	ARRA Job Fund	0.09	27549	Library Book Fund	1,237.00
26104	Bill & Melinda Gates Foundation	43.84	29102	Life Link	5,952.02
26113	LANL Foundation	2,553.34	31400	Special Capital Outlay State	116,165.38
26189	Los Alamos Public Schools	0.22	31800	Energy Efficiency Act	11.14
			32100	Public School Cap Outlay 20%	0.03

Status from prior year: There had not been any improvement towards the resolution of this issue.

Criteria: Good accounting policy necessitates the review of the general ledger to ensure that all existing funds are being utilized and that any funds that are not being used yet are carrying balances are appropriately adjusted.

Cause: Management is not following procedures to review the general ledger to ensure that the District gets the benefit of all funds available to the District and minimize the work required to maintain the general ledger.

Effect of condition: The extra funds that are not being utilized, but are carrying balances, create added risks of errors and additional work for the District during the preparation of reports and the reviewing of the general ledger.

Recommendation: Management should implement procedures to review the general ledger to identify funds that are not being utilized so that cash balances can be used, covered, or reverted back to the originator.

Management’s response: Schedule an appointment with the Public Education Department to get advisement in what the requirements are to get the accounts cleared by PED-Due Dec 31, 2019. Clear half of the accounts that do not have a deficit cash balance by March 31, 2020 and the other half by June 30, 2020. Accounts that have a deficit cash balance will require the district to utilize Operational funds to cover the deficits accounts, which at the moment does not have a healthy surplus, therefore may take a few years before dormant funds with deficit balances are all cleared up.

Responsible party(ies) for corrective action(s): Business Manager

Corrective action(s) timeline: June 30, 2020 for accounts that do not have a deficit cash balance. June 30, 2025 for all accounts that have a deficit cash balance.



II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

2019 – 002 UNAUTHORIZED USE OF RESTRICTED FUNDS (Original No. 2016-002)
(Repeat of prior year finding; updated and revised)
Significant Deficiency

Condition: The District does not have sufficient cash available in the general fund to loan the special revenue funds money in-order to keep the school district operating without borrowing \$213,790 from the Debt Service Fund.

Status from prior year: The District had borrowed \$324,638 from Debt Service Fund at June 30, 2018. There has been an improvement from the prior year related to this issue.

Criteria: According to NMAC 6.20.2.14 Cash Control Standards – A, “School districts shall establish and maintain a cash management program to safeguard cash and provide prompt and accurate reporting that adheres to cash management requirements of the Office of Management and Budget (OMB) Circular A-102, and applicable state and federal laws and regulations” and NMAC 6.20.2.14 Cash Control Standards- E, “ The school district shall verify that there is sufficient cash and budget prior to the disbursement of cash. A revenue ledger is required for each revenue code as approved in the finalized budget, and additional revenue ledgers may be added as necessary.”

Effect of Condition: Improper cash management has resulted in the need to finance normal operations with restricted cash balances and may potentially result in a going concern issue for the district. Management is out of compliance with the restrictions of the Debt Service Fund.

Cause: This was a problem that was caused by funds spent in prior years and determined to be uncollectable. In addition, the District has been on emergency supplemental funding from the Public Education Department (PED) for numerous years. As the Districts funding agency, PED is aware of the situation.

Recommendation: Management should develop a plan to reduce spending, attempt recovery of reimbursements for prior year unreimbursed expenditures, and tightly monitor cash balances and reimbursement requests for expenditures. Controls must require the monitoring of cash balances within funds to ensure compliance with state and federal guidelines.

Management’s response: The district has experienced an increase in student membership which has generated additional funding which was lacking in prior years; therefore the district will utilize Operational funding to loan federal programs funds to cover deficits for a short period of one to two months while the district is reimbursed, which the temporary loans will be authorized by the School Board, as well as the Public Education Department.

Responsible party(ies) for corrective action(s): Business Manager

Corrective action(s) timeline: June 30, 2020.



II. FINDINGS RELATED TO FINANCIAL STATEMENTS (cont'd)

2019 – 003 PRIOR PERIOD ADJUSTMENT (Original No. FS2017-001)
(Repeat of prior year finding; updated and revised)
Significant Deficiency

Condition: During substantive procedures for the year ended June 30, 2019, it was discovered that revenues intended for After School Enrichment (Fund 27168) in the amount of \$22,879 were recorded in 2013 School Buses (Fund 27178) during the year ended June 30, 2016. Fund 27168 had previously reported a receivable for this amount and as a result the fund balance of Fund 27178 is being restated.

Status from prior year: The current year resulted in a significantly less restatement than the previous year. The net restatement due to errors in the current year was \$22,879 versus \$818,647 in the prior year.

Criteria: Per NMAC 6.20.2.11 Internal Control Structure Standards, every school district shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safe-guarded against loss from unauthorized use or disposition, and 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.

Cause: The District's internal control system did not allow for a proper review of the prior year financial statements. As a result, balances which were not accurate were recorded and reported.

Effect of condition: The District did not record all transactions that effect the District and misstated the prior year financial statements. The District is not following the state law and is not following good accounting practices related to financial reporting.

Recommendation: Management needs to ensure that all transactions that pertain to the District are recorded and reconciled, even when those transactions are controlled and overseen by another entity. We also recommend that the District adjust the internal control policies to ensure that financial statement reconciliations are completed, reviewed, and approved on a timely basis and thoroughly enough to ensure accurate reporting.

Management's response: Effective immediately there will be a second business office employee that will review the reimbursements posted each time they are received and the deposit is posted into the accounting system.

Responsible party(ies) for corrective action(s): Business Manager

Corrective action(s) timeline: Effective Immediately.



III. AUDIT FINDINGS – SECTION 12-6-5 NMSA 1978

2019 – 004 UNAUTHORIZED TEMPORARY INTER-FUND LOANS (Original No. 2018-002)
 (Repeat of prior year finding; updated and revised)
Other Noncompliance

Condition: As of June 30, 2019, there were funds that had overspent their cash balances and were pooled with other funds. This resulted in the overspent funds borrowing from other funds without the approval of the local governing board. The District has made the loans which could be made from the general fund. The funds that had unauthorized loans were as follows:

<u>Fund #</u>	<u>Fund</u>	<u>Loan Balance</u>	<u>Fund #</u>	<u>Fund</u>	<u>Loan Balance</u>
24101	Title I	(15,149)	27107	Libraries GO Bond 2013	(4,395)
24103	Migrant Children Education	(764)	27114	Center for Teacher Excellence	(396)
24106	Entitlement IDEA-B	(141,679)	27116	Applied Res/Develop Projects	(7,000)
24109	Preschool IDEA-B	(5,597)	27149	Pre-K Initiative	(65,724)
24119	21st Century Learning	(7,237)	27155	Breakfast for Elem Students	(4,677)
24150	Title V	(7)	27166	Kindergarten 3-Plus	(14,062)
24153	Title III English Language	(14,640)	27168	After School Enrichment	(22,879)
24154	Title II Teacher Quality	(39,370)	27170	Libraries GO Bond 2006	(10,180)
24159	21st Century CLC	(604)	27181	STEM Teacher Initiative	(6,140)
24167	Reading First	(11,826)	27198	K3 4 & 5 Pilot	(15,314)
25211	Gear Up	(85,888)	31100	Bond Building	(8,694)
27103	Dual Credit Instructional Materials	(1,562)	31701	Capital Improvements SB-9	(3,993)
27106	Libraries GO Bond 2010	(162)			

Status from prior year: There had not been any improvement towards the resolution of this issue.

Criteria: Per NMAC 6.20.2.14, “The school district shall maintain a cash control ledger for each fund/subfund where all transactions affecting cash are recorded. Cash balances reported to the department shall be the same as the district’s cash control ledger and annual audit.”

PSAB Supplement 7 states “Temporary transfers require local board approval only. Districts/charter schools may make a loan from the operational fund to another fund based on the maximum expected need during the year in order to minimize the cycles of board approval, making a loan and repaying it several times during the year, with a goal of having the loan repaid at year end.” Internal control should exist to provide reasonable assurance that no disbursement is made that would result in a deficit cash balance within a fund. Cash from program specific revenues cannot be used to fund other programs without the proper approval of the awarding agency. The Board of Education is required to approve all inter-fund loans.

Cause: The condition stems from two causes. The state system requires that the federal funds should be spent before the schools get the money from the funding source, allowing the funding source to review and approve expenditures before reimbursement. The other cause was the school did not document the loan from the operating, which was loaning the funds as it is spent, creating a deficit cash balance in the fund.

Effect of condition: A fund that has an overdraft of its portion cash must have that overdraft covered by funds from other unrestricted program revenues.

Recommendation: Management should develop a plan to monitor cash balances to ensure that the General Fund can cover the reimbursement funds until reimbursements have been received. Requests for reimbursements should be monitored and followed up on to promote expedient processing.

Management’s response: Requests to initiate temporary loans will be submitted for the authorization by the School Board, as well as the Public Education Department prior to the recording of all temporary loans made from the Operational Fund to funds that require temporary transfer of funds to cover deficit cash balances.

Responsible party(ies) for corrective action(s): Business Manager

Corrective action(s) timeline: Effective Immediately



III. AUDIT FINDINGS – SECTION 12-6-5 NMSA 1978 (cont'd)

2019 – 005 BACKGROUND CHECK (Original No. 2018-006)
(Repeat of prior year finding; updated and revised)
Other Noncompliance

Condition: Two of thirty employee files selected for testing had missing background checks.

Criteria: In accordance 1978 NMSA 22-10A-5, all employees who have access to children are required to have a background check completed and approved.

Cause: The District is not maintaining adequate controls over employee hiring.

Effect of condition: The District is out of compliance with requirements for 1978 NMSA 22-10A-5 and is possible causing a security concern.

Recommendation: The District should not employ any individual without prior receipt of the cleared background check.

Management's response: This issue has already been addressed a corrected as of July 31, 2019

Responsible party(ies) for corrective action(s): Business Manager

Corrective action(s) timeline: Completed as of July 31, 2019

Auditor's Rebuttal: Management's response does not address how future occurrences will be prevented.



III. AUDIT FINDINGS – SECTION 12-6-5 NMSA 1978 (cont'd)

2019 – 006 PLEDGED COLLATERAL
Other Noncompliance

Condition: The District's financial institution did not maintain collateralization of deposits in accordance with State of New Mexico NMAC 2.60.4.9 "Collateral Requirements For Depository Bank Services." The deposits were under collateralized by \$150,685 as of June 30, 2019.

Criteria: Bank deposits are required to be covered by 50% of pledged collateral in accordance with NMSA 1978 Section 6-10-16. The collateral held by the financial institution must be secured by securities indicated in NMSA 2.60.4.9 "Collateral Requirements For Depository Bank Services." NMAC 2.60.4.12 Collateral Level Non-Compliance And Appropriate Adjustments:

A. If a depository bank is unable to meet the risk assessment qualifications for a minimum level of collateral required, the state treasurer is directed to cease making any additional deposits of public money into the depository bank and to withdraw deposits in the order they would otherwise mature to an amount which can be collateralized at an appropriate level of collateral in accordance with the risk assessment ratios.

B. If a depository bank has not maintained qualifying securities as collateral, the state treasurer shall request the depository bank to substitute or provide additional qualifying securities to meet collateral requirements within ten (10) calendar days. If the depository bank does not comply with the request within ten (10) calendar days, the state treasurer shall withdraw from that depository bank within the next ten (10) calendar days all deposits of public money under the state treasurer's control without penalty.

Cause: The District's financial institution was changed through a merger and the new financial institution did not maintain collateralization in accordance with New Mexico Statutes.

Effect of condition: The District's collateralization of its deposits at June 30, 2016 and 2017 was not in compliance with NMAC 2.60.4.9. Lack of proper collateralization may result in non-compliance with state statutes and increase potential liability and exposure to the loss of the District's public funds in the event of bank closure.

Recommendation: The District must ensure all cash balances are collateralized as required by State Statutes. The District must ensure all agreements with their financial institution mandates compliance with State Statutes and that the financial institution understands the Statutes for which compliance is necessary.

Management's response: This issue has already been addressed a corrected as of July 31, 2019 and monthly monitoring will be implemented fully by June 30, 2020.

Responsible party(ies) for corrective action(s): Business Manager

Corrective action(s) timeline: June 30, 2020



I. PRIOR YEAR FINDINGS – NOT RESOLVED

FS 2014 – 003 DORMANT FUNDS

Current Status: Not resolved. Repeated in the current year.

2016 – 002 CASH MANAGEMENT

Current Status: Not resolved. Repeated in the current year.

FS 2017 – 001 PRIOR PERIOD ADJUSTMENT

Current Status: Not resolved. Repeated in the current year.

II. PRIOR YEAR FINDINGS – RESOLVED

2018 – 005 LATE PAYMENT OF INVOICES

Current Status: Resolved. Not repeated in the current year.

2018 – 007 BUDGET LINE ITEMS OVER EXPENDED

Current Status: Resolved. Not repeated in the current year.



The independent public accountants assisted in the preparation of the financial statements. The accompanying financial statements are the responsibility of the District and are based on information from the District's financial records.

An exit conference was held October 31, 2018 and was attended by the following individuals:

Chama Valley Independent Schools

Monica Cordova	Member, Board of Education / Audit Committee
Anthony Casados	Superintendent; Member, Audit Committee
Danette Madrid	Business Manager; Member, Audit Committee
Merlinda Garcia	Assistant Business Manager; Member, Audit Committee

ACCOUNTING & FINANCIAL SOLUTIONS, LLC

Terry Ogle, CPA	Partner
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