

**STATE OF NEW MEXICO**

**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**



**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2019**



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## **INTRODUCTORY SECTION**

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
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**FOR THE YEAR ENDED JUNE 30, 2019**

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**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
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**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**OFFICIAL ROSTER**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**

<u>Name</u>		<u>Title</u>
	<u>School Board</u>	
Bret Wier		President
Ronald Anderson		Vice-President
Annie Lindsey		Secretary
Matthew Gonzales		Member
Nancy Hooker		Member
	<u>District Officials</u>	
Adan Estrada		Superintendent
Lawana Whitten		Business Manager

**MORENO VALLEY HIGH SCHOOL**

	<u>Governing Board</u>	
Rogers Lanon		President
Tammy DeVine		Vice-President
Tim Bertucci		Member
Ed McCracken		Member
Nathan Hill		Member
	<u>School Officials</u>	
Tammy Dunn		Director
Lawana Whitten		Business Manager
Anita Ramsey		Executive Assistant

**MORENO VALLEY EDUCATION FOUNDATION**

	<u>Board of Directors</u>	
Richard Safford		President
Linda Colenda		Vice President
Jenny Godfey Smith		Treasurer
Melissa Grassmick		Director
Brian Renegar		Director
	<u>Financial</u>	
Linda Wier		Bookkeeper

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**FINANCIAL SECTION**





## INDEPENDENT AUDITOR'S REPORT

Brian Colón, New Mexico State Auditor  
The Office of Management and Budget  
And the Board of Education of  
Cimarron Municipal School District No. 3  
Cimarron, NM

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund of Cimarron Municipal School District No. 3, (the "District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, and accordingly, no such opinion is expressed.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinions

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

## **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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America requires the Schedules I through IV and the notes to the Required Supplementary Information on pages 55 through 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the District's financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and other supplemental information required by 2.2.2 NMAC, Schedules V through IX are presented for the purposes of additional analysis and are not a required part of the financial statements.

Schedules V through IX on pages 91 through 101 required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedules V through IX required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section on pages 1 through 3 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Manning Accounting and Consulting Services, LLC*

Manning Accounting and Consulting Services, LLC  
Kirtland, New Mexico  
October 23, 2019

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**BASIC FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

Exhibit A-1

	<b>Primary Government</b>	<b>Component Unit</b>
<b>ASSETS</b>		
<i>Current assets:</i>		
Cash and temporary investments	\$ 2,572,357	\$ 507,031
Receivables (net of allowance for uncollectibles)	648,194	32,208
Prepays	5,000	-
Inventory	1,295	-
<i>Total current assets</i>	3,226,846	539,239
<i>Noncurrent assets:</i>		
Restricted cash	1,146,228	-
Capital assets (net of accumulated depreciation):		
Land and land improvements	2,365,022	151,920
Buildings and building improvements	30,523,027	-
Furniture, fixtures and equipment	3,564,269	114,530
Less: accumulated depreciation	(14,497,356)	(114,530)
<i>Total noncurrent assets</i>	23,101,190	151,920
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows - pensions	3,759,393	388,708
Deferred outflows - other post-employment benefits	375,639	8,575
<i>Total deferred outflows</i>	4,135,032	397,283
<i>Total assets and deferred outflows of resources</i>	\$ 30,463,068	\$ 1,088,442
<b>LIABILITIES</b>		
<i>Current liabilities:</i>		
Accounts payable	\$ 43,144	\$ 6,867
Accrued payroll liabilities	182,552	8,477
Accrued interest payable	45,638	-
Unearned revenue	51,393	-
Current maturities of:		
Bonds payable	901,050	-
Compensated absences	3,133	-
<i>Total current liabilities</i>	1,226,910	15,344
<i>Noncurrent liabilities:</i>		
Bond premiums, net of amortization of \$46,971	86,038	-
Bonds payable	5,408,950	-
Net pension liability	12,642,863	1,574,412
Net other post-employment benefits liability	3,005,148	376,568
<i>Total noncurrent liabilities</i>	21,142,999	1,950,980
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows - pensions	240,614	257,113
Deferred inflows - other post-employment benefits	776,475	148,252
<i>Total deferred inflows</i>	1,017,089	405,365
<b>NET POSITION</b>		
Invested in capital assets	15,558,924	151,920
Restricted for:		
Debt service	1,335,410	-
Capital projects	2,279,007	278,286
Other purposes - special revenue	129,888	107,186
Unrestricted	(12,227,159)	(1,820,639)
<i>Total net position</i>	7,076,070	(1,283,247)
<i>Total liabilities, deferred inflows of resources, and net position</i>	\$ 30,463,068	\$ 1,088,442

The accompanying notes are an integral part of these financial statements.

STATE OF NEW MEXICO  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
 STATEMENT OF ACTIVITIES  
 FOR THE YEAR ENDED JUNE 30, 2019

Exhibit A-2

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues and Changes in Net Position</u>	
		<u>Charges for Service</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>	<u>Component Unit</u>
					<u>Governmental Activities</u>	
<b>Primary Government</b>						
Governmental activities:						
Instruction	\$ 2,897,876	\$ 14,746	\$ 415,039	\$ -		\$ (2,468,091)
Support services:						
Students	910,308	-	27,199	-		(883,109)
Instruction	119,314	-	55,397	-		(63,917)
General administration	430,870	-	-	-		(430,870)
School administration	409,843	-	-	-		(409,843)
Central services	516,493	-	-	-		(516,493)
Operation & maintenance of plant	681,226	49,801	-	26,963		(604,462)
Student transportation	398,592	-	413,235	-		14,643
Food services operations	284,718	57,170	216,059	-		(11,489)
Interest on long-term debt	131,370	-	-	-		(131,370)
Facilities materials, supplies, & other services	<u>2,979,237</u>	<u>-</u>	<u>-</u>	<u>14</u>		<u>(2,979,223)</u>
Total Primary Government	<u>\$ 9,759,847</u>	<u>\$ 121,717</u>	<u>\$ 1,126,929</u>	<u>\$ 26,977</u>		<u>(8,484,224)</u>
<b>Component Unit:</b>						
Moreno Valley High School	<u>\$ 1,015,571</u>	<u>\$ -</u>	<u>\$ 11,702</u>	<u>\$ 39,758</u>		<u>\$ (964,111)</u>
<b>General Revenues:</b>						
Property taxes:						
Levied for general purposes					160,603	-
Levied for debt service					1,018,899	-
Levied for capital projects					717,468	102,330
Oil and gas taxes					103,630	-
State Equalization Guarantee					4,107,560	741,862
Unrestricted Federal grants					8,279	-
Unrestricted investment earnings					74,694	-
Unrestricted donations					-	891
Miscellaneous					<u>86,235</u>	<u>77,750</u>
Total general revenues					<u>6,277,368</u>	<u>922,833</u>
Change in net position					(2,206,856)	(41,278)
Net position - beginning of year					<u>9,282,926</u>	<u>(1,241,969)</u>
Net position - end of year					<u>\$ 7,076,070</u>	<u>\$ (1,283,247)</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**BALANCE SHEET**  
**JUNE 30, 2019**

Exhibit B-1

	General Fund			Capital Projects	
	Operational 11000	Transportation 13000	Instructional Materials 14000	Bond Building 31100	Capital Improvements SB-9 (Local) 31701
<b>ASSETS</b>					
<i>Current assets:</i>					
Cash and temporary investments	\$ 251,709	\$ 5,552	\$ 45,840	\$ -	\$ 964,713
Accounts receivable					
Taxes	39,237	-	-	-	178,553
Due from other governments	-	-	-	-	-
Interfund receivables	166,284	-	-	-	-
Prepays	-	-	-	-	-
Inventory	-	-	-	-	-
<i>Total assets</i>	<u>\$ 457,230</u>	<u>\$ 5,552</u>	<u>\$ 45,840</u>	<u>\$ -</u>	<u>\$ 1,143,266</u>
<b>LIABILITIES</b>					
<i>Current liabilities:</i>					
Accounts payable	\$ 5,200	\$ 3,153	\$ -	\$ -	\$ 15,412
Accrued payroll liabilities	158,240	5,537	-	-	-
Interfund payables	-	-	-	-	-
Unearned revenue	-	-	-	-	-
<i>Total liabilities</i>	<u>163,440</u>	<u>8,690</u>	<u>-</u>	<u>-</u>	<u>15,412</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues - property taxes	36,483	-	-	-	165,924
Unavailable revenues - other	-	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>36,483</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,924</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted for:					
Transportation	-	-	-	-	-
Instructional materials	-	-	45,840	-	-
Grant mandates	-	-	-	-	-
Capital projects	-	-	-	-	39,512
Debt service	-	-	-	-	-
Assigned	-	-	-	-	922,418
Unassigned	257,307	(3,138)	-	-	-
<i>Total fund balances</i>	<u>257,307</u>	<u>(3,138)</u>	<u>45,840</u>	<u>-</u>	<u>961,930</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 457,230</u>	<u>\$ 5,552</u>	<u>\$ 45,840</u>	<u>\$ -</u>	<u>\$ 1,143,266</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**BALANCE SHEET**  
**JUNE 30, 2019**

Exhibit B-1

	Capital Projects	Debt Service			Total Primary Government
	Educational Technology Equipment Act 31900	Debt Service 41000	Education Technology Debt Service 43000	Other Governmental Funds	
<b>ASSETS</b>					
<i>Current assets:</i>					
Cash and temporary investments	\$ 1,125,466	\$ 525,859	\$ 620,369	\$ 179,077	\$ 3,718,585
Accounts receivable					
Taxes	-	95,392	93,790	23,702	430,674
Due from other governments	-	-	-	217,520	217,520
Interfund receivables	-	-	-	-	166,284
Prepays	-	-	-	5,000	5,000
Inventory	-	-	-	1,295	1,295
<i>Total assets</i>	<u>\$ 1,125,466</u>	<u>\$ 621,251</u>	<u>\$ 714,159</u>	<u>\$ 426,594</u>	<u>\$ 4,539,358</u>
<b>LIABILITIES</b>					
<i>Current liabilities:</i>					
Accounts payable	\$ -	\$ -	\$ -	\$ 19,387	\$ 43,152
Accrued payroll liabilities	-	-	-	18,767	182,544
Interfund payables	-	-	-	166,284	166,284
Unearned revenue	-	-	-	51,393	51,393
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>255,831</u>	<u>443,373</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues - property taxes	-	86,770	84,783	23,702	397,662
Unavailable revenues - other	-	-	-	24,518	24,518
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>86,770</u>	<u>84,783</u>	<u>48,220</u>	<u>422,180</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	1,295	1,295
Restricted for:					
Transportation	-	-	-	-	-
Instructional materials	-	-	-	-	45,840
Grant mandates	-	-	-	12,926	12,926
Capital projects	502,994	-	-	-	542,506
Debt service	-	-	629,376	(583,792)	45,584
Assigned	622,472	534,481	-	716,633	2,796,004
Unassigned	-	-	-	(24,519)	229,650
<i>Total fund balances</i>	<u>1,125,466</u>	<u>534,481</u>	<u>629,376</u>	<u>122,543</u>	<u>3,673,805</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 1,125,466</u>	<u>\$ 621,251</u>	<u>\$ 714,159</u>	<u>\$ 426,594</u>	<u>\$ 4,539,358</u>

The accompanying notes are an integral part of these financial statements.



**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**RECONCILIATION OF THE BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

Exhibit B-2

	Governmental Funds
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total fund balances - governmental funds	\$ 3,673,805
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
The cost of capital assets is	36,452,318
Accumulated depreciation is	(14,497,356)
Revenues not collected within sixty days after year-end are considered "available" revenues and are shown as deferred revenues on the balance sheet.	
Delinquent property taxes	397,662
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in governmental funds.	
Deferred outflows of resources - pensions	3,759,393
Deferred outflows of resources - other post-employment benefits	375,639
Deferred inflows of resources - pensions	(240,614)
Deferred inflows of resources - other post-employment benefits	(776,475)
Bond discounts and premiums are not financial resources and therefore are not reported in the funds	
Bond premiums net of accumulated amortization	(86,038)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in governmental funds. Long-term and other liabilities at year-end consist of:	
Accrued interest payable	(45,638)
Bonds payable	(6,310,000)
Accrued compensated absences	(3,133)
Net pension liability	(12,642,863)
Net other post-employment benefits liability	(3,005,148)
Total net position - governmental activities	\$ 7,076,070

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Exhibit B-3

	General Fund			Capital Projects	
	Operational 11000	Transportation 13000	Instructional Materials 14000	Bond Building 31100	Capital Improvements SB-9 (Local) 31701
<i>Revenues:</i>					
Property taxes	\$ 152,836	\$ -	\$ -	\$ -	\$ 683,741
Oil and gas taxes	10,379	-	-	-	41,519
State grants	4,107,560	413,235	12,964	-	14
Federal grants	8,279	-	-	-	-
Miscellaneous	71,095	-	-	-	-
Charges for services	65,244	-	-	-	-
Sale of district assets	-	-	-	-	-
Investment income	29,772	-	-	2,741	17,353
<i>Total revenues</i>	<u>4,445,165</u>	<u>413,235</u>	<u>12,964</u>	<u>2,741</u>	<u>742,627</u>
<i>Expenditures:</i>					
Current:					
Instruction	2,728,426	-	9,166	-	-
Support services					
Students	575,472	-	-	-	-
Instruction	27,243	-	-	-	-
General administration	265,301	-	-	-	6,951
School administration	235,597	-	-	-	-
Central services	109,578	-	-	-	-
Operation & maintenance of plant	531,842	-	-	-	-
Student transportation	-	416,261	-	-	-
Other support services	-	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	966,353	1,241,520
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>4,473,459</u>	<u>416,261</u>	<u>9,166</u>	<u>966,353</u>	<u>1,248,471</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(28,294)</u>	<u>(3,026)</u>	<u>3,798</u>	<u>(963,612)</u>	<u>(505,844)</u>
<i>Other financing sources (uses):</i>					
Proceeds from bond issues	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	(28,294)	(3,026)	3,798	(963,612)	(505,844)
<i>Fund balances - beginning of year</i>	<u>285,601</u>	<u>(112)</u>	<u>42,042</u>	<u>963,612</u>	<u>1,467,774</u>
<i>Fund balances - end of year</i>	<u>\$ 257,307</u>	<u>\$ (3,138)</u>	<u>\$ 45,840</u>	<u>\$ -</u>	<u>\$ 961,930</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Exhibit B-3

	Capital Projects	Debt Service		Other Governmental Funds	Total Primary Government
	Educational Techology Equipment Act 31900	Debt Service 41000	Education Technology Debt Service 43000		
<i>Revenues:</i>					
Property taxes	\$ -	\$ 469,354	\$ 499,455	\$ 299	\$ 1,805,685
Oil and gas taxes	-	27,693	24,039	-	103,630
State grants	-	-	-	129,891	4,663,664
Federal grants	-	-	-	548,112	556,391
Miscellaneous	-	-	-	46,000	117,095
Charges for services	-	-	-	50,785	116,029
Sale of district assets	-	-	-	-	-
Investment income	12,038	5,764	7,026	-	74,694
<i>Total revenues</i>	12,038	502,811	530,520	775,087	7,437,188
<i>Expenditures:</i>					
Current:					
Instruction	-	-	-	356,904	3,094,496
Support services					
Students	-	-	-	36,097	611,569
Instruction	-	-	-	46,608	73,851
General administration	-	4,825	5,030	8,595	290,702
School administration	-	-	-	15,556	251,153
Central services	-	-	-	11,702	121,280
Operation & maintenance of plant	-	-	-	-	531,842
Student transportation	-	-	-	-	416,261
Other support services	-	-	-	-	-
Food services operations	-	-	-	275,830	275,830
Community services	-	-	-	-	-
Capital outlay	341,288	540	269	26,963	2,576,933
Debt service					
Principal	-	550,000	280,000	-	830,000
Interest	-	108,662	19,200	-	127,862
<i>Total expenditures</i>	341,288	664,027	304,499	778,255	9,201,779
<i>Excess (deficiency) of revenues over (under) expenditures</i>	(329,250)	(161,216)	226,021	(3,168)	(1,764,591)
<i>Other financing sources (uses):</i>					
Proceeds from bond issues	500,000	-	-	-	500,000
<i>Total other financing sources (uses)</i>	500,000	-	-	-	500,000
<i>Net changes in fund balances</i>	170,750	(161,216)	226,021	(3,168)	(1,264,591)
<i>Fund balances - beginning of year</i>	954,716	695,697	403,355	125,711	4,938,396
<i>Fund balances - end of year</i>	\$ 1,125,466	\$ 534,481	\$ 629,376	\$ 122,543	\$ 3,673,805

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Exhibit B-4

	Governmental Funds
Amounts reported for governmental activities in the Statement of Activities are different because:	
Net change in fund balances - total governmental funds	\$ (1,264,591)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which depreciation exceeds capital outlays for the period.	
Depreciation expense	(1,210,413)
Capital outlays	1,781,786
Revenues not collected within 60 days after the fiscal year-end are not considered available revenues in the governmental funds. They are considered revenues in the Statement of Activities. The increase (decrease) in revenues receivable for the year end were:	
Unavailable revenue related to the property taxes receivable	91,285
The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while 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, whereas these amounts are deferred and amortized in the Statement of Activities:	
Amortization of bond premiums	17,920
Accrued interest payable	(3,508)
Bond principle payments	830,000
Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the pension benefits earned net of employee contributions is reported as pension expense.	
Difference between prior year pension contributions per entity and amount reported in the pension report	
Pension contributions - current year	433,179
Pension expense	(2,406,742)
Other post-employment benefits contributions - current year	62,107
Other post-employment benefits expense	(62,397)
Change in net position - total governmental activities	\$ (2,206,856)

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**OPERATIONAL FUND (11000)**  
**FOR THE YEAR ENDING JUNE 30, 2019**

Exhibit C-1

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ 158,516	\$ 158,516	\$ 155,655	\$ (2,861)
Oil and gas taxes	11,449	11,449	11,706	257
State grants	4,144,708	4,101,438	4,107,560	6,122
Federal grants	-	-	8,279	8,279
Miscellaneous	54,000	54,000	96,569	42,569
Charges for services	74,037	74,037	65,244	(8,793)
Interest	7,500	7,500	29,772	22,272
<i>Total revenues</i>	<u>4,450,210</u>	<u>4,406,940</u>	<u>4,474,785</u>	<u>67,845</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	2,797,393	2,796,893	2,764,655	32,238
Support services				
Students	606,253	603,025	575,472	27,553
Instruction	37,434	37,874	27,243	10,631
General administration	282,747	277,330	265,301	12,029
School administration	266,441	244,169	235,597	8,572
Central services	117,467	113,600	109,578	4,022
Operation & maintenance of plant	581,707	572,781	529,166	43,615
Student transportation	-	-	-	-
Other support services	17,019	17,019	-	17,019
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>4,706,461</u>	<u>4,662,691</u>	<u>4,507,012</u>	<u>155,679</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(256,251)</u>	<u>(255,751)</u>	<u>(32,227)</u>	<u>223,524</u>
<i>Other financing sources (uses):</i>				
Designated cash	256,251	255,751	-	(255,751)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>256,251</u>	<u>255,751</u>	<u>-</u>	<u>(255,751)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(32,227)</u>	<u>(32,227)</u>
<i>Cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>450,220</u>	<u>450,220</u>
Prior period adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>450,220</u>	<u>450,220</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 417,993</u>	<u>\$ 417,993</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ (32,227)	
Adjustments to revenues			(29,620)	
Adjustments to expenditures			33,553	
Net change in fund balance (GAAP basis)			<u>\$ (28,294)</u>	

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**TRANSPORTATION FUND (13000)**  
**FOR THE YEAR ENDING JUNE 30, 2019**

Exhibit C-2

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
State grants	413,235	413,235	413,235	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>413,235</u>	<u>413,235</u>	<u>413,235</u>	<u>-</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant				
Student transportation	413,235	413,235	417,196	(3,961)
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>413,235</u>	<u>413,235</u>	<u>417,196</u>	<u>(3,961)</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(3,961)</u>	<u>(3,961)</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(3,961)</u>	<u>(3,961)</u>
<i>Cash or fund balance - beginning of year</i>	-	-	9,513	9,513
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>9,513</u>	<u>9,513</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,552</u>	<u>\$ 5,552</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ (3,961)	
Adjustments to revenues			-	
Adjustments to expenditures			935	
Net change in fund balance (GAAP basis)			<u>\$ (3,026)</u>	

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**INSTRUCTIONAL MATERIALS FUND (14000)**  
**FOR THE YEAR ENDING JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
State grants	12,964	12,964	12,964	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	12,964	12,964	12,964	-
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	40,143	55,006	9,166	45,840
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	40,143	55,006	9,166	45,840
<i>Excess (deficiency) of revenues over (under) expenditures</i>	(27,179)	(42,042)	3,798	45,840
<i>Other financing sources (uses):</i>				
Designated cash	27,179	42,042	-	(42,042)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	27,179	42,042	-	(42,042)
<i>Net change in fund balance</i>	-	-	3,798	3,798
<i>Cash or fund balance - beginning of year</i>	-	-	42,042	42,042
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	-	-	42,042	42,042
<i>Cash or fund balance - end of year</i>	\$ -	\$ -	\$ 45,840	\$ 45,840
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ 3,798	
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balance (GAAP basis)			\$ 3,798	

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
AGENCY FUNDS  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
JUNE 30, 2019

Exhibit D-1

	<u>Agency Funds</u>
<b>ASSETS</b>	
<i>Current assets:</i>	
Cash and cash equivalents	\$ 164,302
Certificate of deposit	12,445
Annuities	<u>47,056</u>
<i>Total assets</i>	<u><u>\$ 223,803</u></u>
 <b>LIABILITIES</b>	
<i>Current liabilities:</i>	
Deposits held in trust for others	<u>\$ 223,803</u>
<i>Total liabilities</i>	<u><u>\$ 223,803</u></u>

The accompanying notes are an integral part of these financial statements.



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**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 1      Summary of Significant Accounting Policies**

Cimarron Municipal School District No. 3 (the “District”) is a public school District governed by an elected five-member Board of Education created under the provision of Chapter 22 Article 5, Paragraph 4, New Mexico Statutes 1978 to provide public education for the children within the District boundaries. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities.

This summary of significant accounting policies of the District is presented to assist in the understanding of the District’s financial statements. The financial statements and notes are the representation of the District’s management that is responsible for the financial statements. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting financial reporting principles. The financial statements have incorporated all applicable GASB pronouncements.

During the year ended June 30, 2019, the District adopted the following 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 will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain AROs, including obligations that may not have been previously reported. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The District will not be affected by this Statement as it has been determined it has no assets which meet the criteria.
- 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 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. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

The more significant accounting policies of the District are described below.

A. *Financial Reporting Entity*

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

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019

**NOTE 1      Summary of Significant Accounting Policies (Continued)**

A.      *Financial Reporting Entity (Continued)*

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

Based upon the application of these criteria, the District has a charter school which operates as a component unit of the District – Moreno Valley High School Charter School. In addition, the School has a foundation, Moreno Valley Education Foundation, which is a component unit of the charter school. The District does not appoint the Charter School or the Foundation's governing council. Neither the charter school nor the foundation has separately issued reports for the year ended June 30, 2019. Significant disclosure for the component units can be found in the financial footnotes and the governmental financial statements are in the Component Units section of the report and in Note 11 for pension information.

B.      *Government-Wide and Fund Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities and changes in net position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019

NOTE 1      **Summary of Significant Accounting Policies (Continued)**

C.      *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

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

GASB No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB No. 65, *Items Previously Reported as Assets and Liabilities*, amend GASB No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis for State and Local Governments*, to incorporate deferred outflows of resources and deferred inflows of resources in the financial reporting model.

***Deferred Outflows of Resources*** – a consumption of net position by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets; therefore, it is not recognized as an outflow of resources (expense) until then.

***Deferred Inflows of Resources*** – an acquisition of net position by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities; therefore, it is not recognized as an inflow of resources (revenue) until that time.

***Net Position*** – the residual of the net effects of assets, deferred outflows of resources, liabilities, and deferred inflows of resources.

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Ad valorem taxes (property taxes), and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met and the susceptible to accrual criteria have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 1      Summary of Significant Accounting Policies (Continued)**

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

The *agency funds* are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the District holds for others in an agency capacity. 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 general fixed assets, and the servicing of general long-term debt. Governmental funds include:

The *General Fund* is the primary operating fund of the District, and accounts for all financial resources of the general government, except those required to be accounted for in other funds. The General Fund includes the Operational, Teacherage, Transportation, and Instructional Materials Funds.

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

The *Debt Service Funds* account for the services of general long-term debt not being financed by proprietary or nonexpendable trust funds.

The *Capital Projects Funds* account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

Under the requirements of GASB Statement No. 34, the District is required to present some of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following:

The *Operational Fund* (11000) accounts for the primary revenues and expenditures of the District, including, but not limited to, student instruction, student support, instructional support, general administration, school administration, central services, and operations and maintenance of plant. Revenues come from district tax levy, state equalization, and other local, state, and federal sources. This fund is considered by PED to be a sub-fund of the General Fund.

The *Transportation Fund* (13000) accounts for state equalization funds authorized by Section 22-8-26, NMSA, 1978 designated for the costs of transporting school-age children who are students within the District. This fund is considered by PED to be a sub-fund of the General Fund.

The *Instructional Materials Fund* (14000) accounts for funding designated for instructional materials purchases as authorized by Sections 22-15-1 through 22-15-14, NMSA, 1978 for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students. This is considered by PED to be a sub-fund of the General Fund.

*Bond Building Fund* (31100) is used to account for bond proceeds and any income earned thereon. The proceeds are restricted for the purpose of making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the District.

*Capital Improvements SB-9 (Local)* (31701) is used for funds 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 a special tax levy as authorized by the Public School District Capital Improvements Act. (22-25-1 to 22-25-10 NMSA 1978).

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019

**NOTE 1 Summary of Significant Accounting Policies (Continued)**

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

The *Education Technology Equipment Act* (31900) accounts for State funding to promote the comprehensive integration of advanced technologies in education settings, through the conduct of technical assistance, professional development, information and resource dissemination, and collaboration activities.

*Debt Service Fund* (41000) is used to account for the accumulation of resources for the payment of general long-term debt principal and interest.

Additionally, the government reports the following fund types:

The fiduciary funds account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. The fiduciary funds are for student activities.

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

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

**Cash and Temporary Investments:** The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the District to invest in certificates of deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool. Investments for the District are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

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. 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.

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

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

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

**NOTE 1      Summary of Significant Accounting Policies (Continued)**

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

The District receives monthly income from a tax levy in Colfax County. The funds are collected by the County Treasurer and are remitted to the District the following month. Under the modified accrual method of accounting, the amount remitted by the Colfax County Treasurer in July and August 2019 is considered 'measurable and available' and, accordingly, is recorded as revenue during the year ended June 30, 2019.

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

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

**Inventory:** The District accounts for its inventories under the consumption method, reporting inventories purchased as an asset. The recognition of the expenditures is deferred until the period in which the inventories are actually consumed. Inventory in the Food Services Fund consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as an expenditure at the time individual inventory items are consumed.

**Capital Assets:** Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Information technology equipment, including software, is being capitalized and included in furniture and equipment in accordance with NMAC 2.20.1.9 C (5). Capital expenditures made by the New Mexico Public Schools Facilities Authority are appropriately included in the District's capital assets.

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. The District expenses the cost of library books when purchased because their estimated useful life is less than one year. Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction during the year ended June 30, 2019.

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

Buildings	25-50 years
Building improvements	7-20 years
Office equipment	5 years
Vehicles	5 years
Computer equipment	5 years

**Deferred Outflows of Resources – Pensions:** The government-wide financial statements report pension related expenses and liabilities for the cost-sharing plan one year in arrears, i.e. expenses and liabilities as of June 30, 2018. Contributions of \$433,179 made by the District in the current fiscal year are thus applicable to a future reporting period where they will then be expensed. As such, they are presented in the Statement of Net Position as a deferred outflow of resources in the current period. The District may also have four other deferred outflows which arise due to the implementation of GASB 68; change in proportion \$683,365; change in assumptions \$2,605,634; change in investment experience \$27,988; and change in actuarial experience \$9,227.

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NOTE 1 **Summary of Significant Accounting Policies (Continued)**

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

**Deferred Outflows of Resources – OPEB:** The government-wide financial statements report other post-employment benefits related expenses and liabilities for the cost-sharing plan one year in arrears, i.e. expenses and liabilities as of June 30, 2018. Contributions of \$62,107 made by the District in the current fiscal year are thus applicable to a future reporting period where they will then be expensed. As such, they are presented in the Statement of Net Position as a deferred outflow of resources in the current period. The District may also have four other deferred outflows which arise due to the implementation of GASB 75; change in proportion \$313,532; and change in assumptions, investment experience and actuarial experiences which have no balances in the current year.

**Unearned revenues:** The District recognizes grant revenue at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as unearned revenues. At June 30, 2019, the District's unearned revenues were \$51,393 related to Federal grants which had been received but not earned.

**Compensated Absences:** The District no longer provides for the accrual of leave which is payable upon termination or retirement and is recorded as an expenditure when it is paid. However, one individual remains with the District who had compensated absences at the time the District did away with future accruals. The individual's value of compensated absences was calculated at that time and will be paid out upon retirement.

**Long-term Obligations:** In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. For bonds issued after the fiscal year ended June 30, 2004, bond premiums and discounts, will be deferred and amortized over the life of the bonds using the effective interest method. Bonds payable of \$6,310,000 at June 30, 2019 are reported net of the applicable bond premium or discount. Bond insurance issuance costs will be reported as deferred charges and amortized over the term of the related debt.

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

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

**Net Pension Liability:** The District records its proportionate share of the difference between the value of total pension liabilities and plan assets for the State of New Mexico's Employee Retirement Board pension plan. For the year ended June 30, 2019, net pension liability totaled \$12,642,863.

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



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**NOTE 1 Summary of Significant Accounting Policies (Continued)**

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

**Net Other Post-Employment Benefits Liability:** The District records its proportionate share of the difference between the value of total other post-employment benefit (OPEB) liabilities and plan assets for the State of New Mexico's Retiree Health Care plan. For the year ended June 30, 2019, net OPEB liability totaled \$3,005,148.

**Deferred Inflows of Resources – Unavailable Revenues:** Governmental funds report unavailable revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Revenues not received within sixty (60) days of year-end are not considered available; therefore, a receivable is recorded for the amount due and a corresponding deferred revenue, is recorded as well. Total unavailable revenues of \$397,662 for property taxes and \$24,518 for grants were recorded at June 30, 2019.

**Deferred Inflows of Resources – Pensions:** Changes in actuarial experience \$240,614; and change in investments and change in proportion, which have no balances, for the District are applicable to a future reporting period and will be expensed over a five-year period beginning in the next fiscal year. As such, these amounts are presented in the Statement of Net Position as deferred inflows of resources in the current period.

**Deferred Inflows of Resources – OPEB:** Changes in actuarial experience \$177,924, change in assumptions \$561,048, and change in investment experience \$37,503 for the District are applicable to a future reporting period and will be expensed over a five-year period beginning in the next fiscal year. As such, these amounts are presented in the Statement of Net Position as deferred inflows of resources in the current period.

**Net Position or Fund Equity:** Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

In the government-wide financial statements, fund equity is classified as net position and is displayed in three components:

*Net investment in capital assets:* Consists of capital assets including restricted capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position

*Restricted Net Position:* Consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (b) 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. The restricted component consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

*Unrestricted Net Position:* All other net position that does not meet the definition of "restricted" or "invested in capital assets."

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June 30, 2019

NOTE 1 **Summary of Significant Accounting Policies (Continued)**

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

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

*Nonspendable:* Consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

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

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

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

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

E. *Revenues*

**Reclassifications:** Certain amounts included in the financial statements have been reclassified to conform to the current year presentation.

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

**Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates affecting the District's financials include management's estimate of the useful lives of capital assets.

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
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June 30, 2019

NOTE 1 **Summary of Significant Accounting Policies (Continued)**

*E. Revenues (Continued)*

**State Equalization Guarantee:** School districts in the State of New Mexico receive a ‘state equalization guarantee distribution’ which is defined as “that amount of money distributed to each school district to insure that the school district’s operating revenue, including its local and federal revenues as defined in Chapter 22, Section 825, NMSA 1978 is at least equal to the 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 \$4,107,560 in state equalization guarantee distributions during the year ended June 30, 2019.

**Tax Revenues:** The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Property taxes are assessed on January 1 of each year and are payable in two equal installments, on November 10<sup>th</sup> of the year in which the tax bill is prepared and April 10<sup>th</sup> of the following year with the levies becoming delinquent 30 days (one month) thereafter. In the government-wide financial statements, the District recognizes property tax revenues in the period for which they are levied, net of estimated refunds and uncollectible amounts. The District records only the portion of the taxes considered to be ‘measurable’ and ‘available’ in the government fund financial statements, which is within 60 days of year-end. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes. In the financial statements, the mill levy and ad-valorem taxes are broken out into two types: property taxes – residential and commercial and property taxes – oil and gas. Amounts collected from residential and commercial property taxes at June 30, 2019 were \$1,805,685. Amounts collected from oil and gas taxes were \$103,630.

**Transportation Distribution:** School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$413,235 in transportation distributions during the year ended June 30, 2019.

**Instructional Materials:** The New Mexico Public Education Department (PED) receives federal material leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the requisition of materials listed in the State Board of Education “State Adopted Instructional Material” list, while fifty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2019 totaled \$12,964.

**SB-9 State Match:** The Director shall distribute to any school district that has imposed a tax under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of Section 22-25-3 NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act. The distribution shall be made by December 1, of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. Provided, however, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary. The District did received \$26,963 in state SB-9 matching funds during the year ended June 30, 2019.

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June 30, 2019

**NOTE 1 Summary of Significant Accounting Policies (Continued)**

*E. Revenues (Continued)*

**Public School Capital Outlay:** Under the provisions of Chapter 22, Article 24, NMSA 1978. The money in the fund may be used only for capital expenditures deemed by the public school capital outlay council necessary for an adequate educational program per Section 22-24-4(B); core administrative functions of the public school facilities authority and for project management expenses upon approval of the council per Section 22-24-4(G); and for the purpose of demolishing abandoned school district facilities, upon application by a school district to the council, per Section 22-24-4(L). Money in the fund shall be disbursed by warrant of the Department of Finance and Administration on vouchers signed by the Secretary of Finance and Administration following certification by the council that the application has been approved. During the year ended June 30, 2019, the District received no special capital outlay funds.

**Federal Grants:** The District receives revenues from various Federal departments (both direct and indirect), which are legally restricted to expenditures for specific purposes. These programs are reported as Special Revenue Funds. Each program operated under its own budget, which has been approved by the federal department or the flowthrough agency (usually the New Mexico Public Education Department). The various budgets are approved by the Local School Board and the New Mexico Public Education Department. The District also receives reimbursement under the National School Lunch and Breakfast Programs for its food services operations, and the distributions of commodities through the New Mexico Human Services Department.

**NOTE 2 Stewardship, Compliance and Accountability**

*Budgetary Information*

Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are prepared by management and are approved by the local Board of Education and the School Budget and Planning Unit of the Public Education Department. Auxiliary student activity accounts are not budgeted. Public School Capital Outlay Council expenditures in the Public School Capital Outlay fund are not budgeted at the District level, so there is no budgetary comparison presented. 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 ending cash balance be appropriated in the budget of the subsequent fiscal year.

Actual expenditures may not exceed the budget at the function level, the level of budgetary control for districts. 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 School District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In April or May, the local school board submits to the District Budget Planning Unit (DBPU) of the New Mexico Public Education Department (PED) (100%) a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets are submitted to the State of New Mexico PED.
2. In May or June of each year, the proposed "operating" budget will be reviewed and approved by the DBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school district for the ensuing fiscal year.
3. The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called.

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**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
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**June 30, 2019**

**NOTE 2      Stewardship, Compliance and Accountability (Continued)**

*Budgetary Information (Continued)*

4. The “operating” budget will be used by the District until they have been notified that the budget has been approved by the DBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
5. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the DBPU.
6. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Public Education Department.
7. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the DBPU.
8. Legal budget control for expenditures is by function.
9. Appropriations lapse at fiscal year-end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year’s budget. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.
10. 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.

The board of education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico state law prohibits a governmental agency from exceeding an individual line item.

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

**NOTE 3      Cash and Temporary Investments**

State statutes authorize the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2019.

Deposits of funds may be made in interest or non-interest-bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or by collateralized as required by the statute. 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.

**STATE OF NEW MEXICO**  
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**NOTE 3 Cash and Temporary Investments (Continued)**

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. 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 Corporation, public unit deposits are funds owned by the public unit. 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.

**Deposits**

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 in excess of federal deposit insurance. The schedule listed below will meet the State of New Mexico Office of the State Auditor's requirements in reporting the insured portion of the deposits.

	International Bank
Total amounts of deposits	\$ 3,806,903
FDIC coverage	250,000
Total uninsured public funds	3,556,903
Collateral requirement (50% of uninsured public funds)	1,778,452
Pledged security	2,080,221
Total over (under) collateralized	\$ 301,769

The funds are maintained in interest bearing checking accounts and certificates of deposit in International Bank.

The types of collateral allowed are limited by the section 6-10-16, NMSA 1978.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

Deposits – The risk exists when a portion of the District's deposits are not covered by depository insurance and are:

1. Uncollateralized;
2. Collateralized with securities held by the pledging financial institution; or
3. Collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor's (District's) name.

At June 30, 2019, \$3,556,903 of the District's bank balance of \$3,806,903 was exposed to custodial credit risk as it was uninsured and the collateral was not held in the District's name.

**STATE OF NEW MEXICO  
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NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

**NOTE 3 Cash and Temporary Investments (Continued)**

**Reconciliation of Cash to the Financial Statements**

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

Reconciliation to Statement of Net Position

Governmental Funds - Balance Sheet

Cash and cash equivalents per Exhibit A-1	\$ 3,718,585
Statement of Fiduciary Net Position - cash per Exhibit D-1	223,803
Total per financial statements	3,942,388
Add outstanding checks and other reconciling items	358,748
Less: temporary investments	(447,176)
Less: activity fund annuities	(47,057)
Bank balance of deposits	\$ 3,806,903

The District utilized pooled accounts for their programs and funds. Negative cash balances in individual funds that were part of the pooled accounts should be reclassified as due to/due from accounts in the combining balance sheets at June 30, 2019. Funds in the 24000's and 25000's are federal funds, 27000's through 29000's funds are non-federal funds. The following individual funds had negative cash balances as of June 30, 2019:

**Fund # Special Revenue Funds:**

24106	IDEA-B Entitlement	\$ 41,184
24109	IDEA-B Preschool	3,348
24132	IDEA-B Results Plan	24,268
24154	Teacher/Principal Training & Recruiting	10,444
24183	USDA Equipment Grant	20,828
24189	Student Support and Academic Achievement	13,906
27107	2012 GO Bonds Student Library Fund (SB66)	5,101
27149	PreK Initiative	9,458

**Capital Projects Fund:**

31700	Capital Improvement SB-9 (State Match)	26,963
	Total	\$ 155,500

**Temporary Investments**

At June 30, 2019, the District had \$447,176 held in trust by the Bank of Albuquerque. Those funds are held in a U.S. Treasury Money Market Fund. The District does not have the legal authority to move these funds from the trust institution. Information regarding the fund is as follows:

Fund	CUSIP	WAM	Ratings		Net Assets
			S&P	Moody's	
Premier U.S. Government Money Portfolio AIM Treasurer's Series Trust	00142W843	8 days	AAAm	Aaa-mf	\$8.33 Billion

**Interest Rate Risk for Investments.** The District does not have a written policy for limiting interest rate risk. However, the average maturity of certificates of deposit is twelve months or less, which is an effective limit of interest rate risk.

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**NOTE 3 Cash and Temporary Investments (Continued)**

**Credit Risk.** State law limits investments to bonds or negotiable securities of the U. S. Government, the State, municipalities, or school district securities issued by the U.S. Government (or its agencies, either direct obligations or backed and guaranteed by the U.S. Government) and repurchase agreements with banks, savings and loan associations, or credit union. The District has no investment policy that would further limit its investment choices.

**Concentration of Credit.** The District places no limit on the amount the District may invest in any one issuer. Investments which are over 5% of total investments are the amounts invested in the Lipper Institutional U.S. Treasury Money Market Funds which are invested by the trust institution Bank of Albuquerque.

**NOTE 4 Receivables**

Receivables as of June 30, 2019 are as follow:

	Major Funds					Total Governmental Funds
	Operational 11000	Capital Improv. SB-9 31701	Debt Service 41000	Ed. Tech Debt Service 43000	Other Governmental Funds	
	Taxes Receivable	\$ 39,237	\$ 178,553	\$ 95,392	\$ 93,790	
Due from other governments	-	-	-	-	217,520	217,520
<b>Total receivables</b>	<u>\$ 39,237</u>	<u>\$ 178,553</u>	<u>\$ 95,392</u>	<u>\$ 93,790</u>	<u>\$ 241,222</u>	<u>\$ 648,194</u>

The above receivables are deemed 100% collectible. In Accordance with GASB No. 33, property tax revenues in the amount of \$397,662 and grant revenues of \$24,518 were not collected within the period of availability.

**NOTE 5 Interfund Receivables, Payables, and Transfers**

“Interfund balances” have primarily been recorded when funds overdraw their share of pooled cash when the District is waiting for grant reimbursements. The composition of interfund balances at June 30, 2019 is as follows:

<b>Governmental Activities</b>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<b>Major Funds:</b>		
Operational (11000)	\$ 166,284	\$ -
<b>Non-major Funds:</b>		
IDEA-B Entitlement (24106)	-	46,167
IDEA-B Preschool (24109)	-	3,464
IDEA-B Results Plan (24132)	-	25,750
Teacher/Principal Training & Recruiting (24154)	-	10,737
USDA Equipment Grant (24183)	-	20,828
Student Support and Academic Enrichment (24189)	-	13,906
2012 GO Bond Student Library Fund (27107)	-	5,101
PreK Initiative (27149)	-	13,368
Capital Improvements SB-9 (State Match) (31700)	-	26,963
<b>Totals</b>	<u>\$ 166,284</u>	<u>\$ 166,284</u>



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**NOTE 6 Capital Assets**

A summary of capital assets and changes occurring during the year ended June 30, 2019 follows. Land and construction in progress is not subject to depreciation.

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets used in governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,139,109	\$ 9,030	\$ -	\$ 1,148,139
Construction in progress	420,224	1,309,416	(1,729,640)	-
Total capital assets not being depreciated	<u>1,559,333</u>	<u>1,318,446</u>	<u>(1,729,640)</u>	<u>1,148,139</u>
Capital assets being depreciated:				
Land improvements	959,795	257,088	-	1,216,883
Buildings and building improvements	28,602,380	1,920,647	-	30,523,027
Furniture, fixtures, and equipment	3,549,024	15,245	-	3,564,269
Total capital assets being depreciated	<u>33,111,199</u>	<u>2,192,980</u>	<u>-</u>	<u>35,304,179</u>
Less accumulated depreciation:				
Land improvements	458,541	54,136	-	512,677
Buildings and building improvements	11,076,981	949,206	-	12,026,187
Furniture, fixtures, and equipment	1,751,421	207,071	-	1,958,492
Total accumulated depreciation	<u>13,286,943</u>	<u>1,210,413</u>	<u>-</u>	<u>14,497,356</u>
Total capital assets, net of depreciation	<u>\$ 21,383,589</u>	<u>\$ 2,301,013</u>	<u>\$ (1,729,640)</u>	<u>\$ 21,954,962</u>

Depreciation expense of \$1,210,413 for the year ended June 30, 2019 was allocated as follows:

Governmental activities:	
Instruction	\$ 504,741
Support services - students	133,388
Support services - instruction	15,735
Support services - general administration	49,022
School administration	43,333
Central services	25,419
Operation and maintenance of plant	317,007
Student transportation	78,193
Food services	43,575
Total depreciation	<u>\$ 1,210,413</u>

At June 30, 2019, the District did not have any major construction commitments.

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.

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**NOTE 7 Long-Term Debt**

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

	Balance at 06/30/18	Additions	Deletions	Balance at 06/30/19	Due Within One Year
General Obligation Bonds	\$ 5,540,000	\$ -	\$ 550,000	\$ 4,990,000	\$ 380,000
Education Technology Notes	1,100,000	500,000	280,000	1,320,000	521,050
Compensated Absences	3,133	-	-	3,133	3,133
<b>Total</b>	<b>\$ 6,643,133</b>	<b>\$ 500,000</b>	<b>\$ 830,000</b>	<b>\$ 6,313,133</b>	<b>\$ 904,183</b>

**General Obligations Bonds:** General obligation bonds are direct obligations and pledge the full faith and credit of the District. The District has the following outstanding general obligation bonds as of June 30, 2019:

	Series 2015 GO Bond	Series 2017 GO Bond
Issue Date	3/24/2015	6/23/2017
Original Issue	\$4,000,000	\$3,000,000
Maturity Date	9/15/2026	9/15/2032
Principal	15-Sep	15-Sep
Interest Rate	2.00% and 2.50%	1.222% to 3.09%
Principal/Interest	15-Sep	15-Sep
Interest	15-Mar	15-Mar

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

Fiscal Year Ending June 30,	Total General Obligation Bonds		Total Debt Service
	Principal	Interest	
2020	\$ 380,000	\$ 100,844	\$ 480,844
2021	375,000	93,891	468,891
2022	385,000	86,731	471,731
2023	395,000	86,731	481,731
2024	405,000	71,282	476,282
2025-2029	1,845,000	79,198	1,924,198
2030-2033	1,205,000	54,589	1,259,589
<b>Totals</b>	<b>\$ 4,990,000</b>	<b>\$ 573,265</b>	<b>\$ 5,563,265</b>

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**NOTE 7 Long-Term Debt (Continued)**

**Education Technology Notes:** Education Technology notes are direct obligations and pledge the full faith and credit of the District. The notes are financed through the New Mexico Public Finance Division of the State. The District has the following outstanding education technology notes as of June 30, 2019:

	Series 2016 GO Ed Tech Note	Series 2018 GO Ed Tech Note
Issue Date	<u>8/1/2016</u>	<u>11/21/2018</u>
Original Issue	\$1,750,000	\$500,000
Maturity Date	8/1/2021	8/1/2021
Principal	1-Aug	1-Aug
Interest Rate	2.00%	1.86% to 2.82%
Principal/Interest	1-Aug	1-Aug
Interest	1-Feb	1-Feb

The annual requirements to amortize the education technology notes as of June 30, 2019, including interest payments, are as follow:

Fiscal Year Ending <u>June 30,</u>	Total Education Technology Notes		Total Debt
	<u>Principal</u>	<u>Interest</u>	<u>Service</u>
2020	\$ 521,050	\$ 23,585	\$ 544,635
2021	490,000	11,182	501,182
2022	<u>308,950</u>	<u>3,131</u>	<u>312,081</u>
Totals	<u>\$ 1,320,000</u>	<u>\$ 37,898</u>	<u>\$ 1,357,898</u>

In prior years, the general fund was typically used to liquidate long-term liabilities other than debt.

**Compensated Absences:** The District no longer provides paid leave to employees. However, one individual remains employed by the District whose leave balance was maintained when the District made this policy change. The balance of leave for this individual is \$3,133 at June 30, 2019.

**Operating Leases:** The District leases office equipment, including copy machines and postage meter machines, under short-term cancelable operating leases.

**NOTE 8 Unearned Revenues**

In accordance with the terms of the various grant agreements within the Special Revenue Funds, revenues received in excess of expenditures carry over to the subsequent years, unless such excess revenues are requested to be returned to the grantor. The District had the following unearned revenues at June 30, 2019:

Fund #	Special Revenue Funds:	Amount
24101	Title I IASA	\$ 48,765
24106	IDEA-B Entitlement	<u>2,628</u>
	Total	<u>\$ 51,393</u>

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**NOTE 9 Risk Management**

The District is a member of the New Mexico Public Schools Insurance Authority (NMPSIA). The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The District pays an annual premium to the NMPSIA based on claim experience and the status of the pool. The Risk Management Program includes workers compensation, general and automobile liability, automobile physical damage, and property and crime coverage. Also included under the risk management program are boiler, machinery and student accident insurance.

The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$750 deductible for each building. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$250,000 per occurrence for Faithful Performance. A limit of \$250,000 applies to depositor's forgery, credit card forgery and money orders. A limit of \$100,000 applies to Money and Security, which includes a \$750 deductible.

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

**NOTE 10 Other Required Individual Fund Disclosures**

Generally accepted accounting principles require disclosures as part of the Combined Statements of certain information concerning individual funds including:

- A. Deficit fund balance of individual funds. The District had the following funds reporting a deficit fund balance at June 30, 2019:

Fund #	Fund Description	Amount
13000	Transportation	\$ 3,138
24154	Teacher/Principal Training & Recruiting	10,612
24189	Student Support and Academic Achievement	13,906
	Total	<u>\$ 27,656</u>

- B. Excess of expenditures over appropriations. The District had no funds reporting expenditures over appropriations for the year ended June 30, 2019.

- C. Cash appropriations in excess of available cash balance. For the year ended June 30, 2019, the District had the following funds which had cash appropriations in excess of available cash balances:

Fund #	Name	Final Cash Budget	Actual Cash	Difference
31100	Bond Building Capital Projects	\$1,365,057	\$1,364,955	\$ (102)
43000	Education Technology Debt Service	515,936	388,711	(127,225)
	Total	<u>\$1,880,993</u>	<u>\$1,753,666</u>	<u>\$ (127,327)</u>

**NOTE 11. General Information on the Pension Plan – Educational Retirement Act**

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

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**NOTE 11      General Information on the Pension Plan – Educational Retirement Act (Continued)**

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

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

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

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

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

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

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

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

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

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

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**NOTE 11    General Information on the Pension Plan – Educational Retirement Act (Continued)**

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

**Benefit Options.** The Plan has three benefit options available.

- **Option A – Straight Life Benefit** – The single life annuity option has no reductions to the monthly benefit, and there is not continuing benefit due to a beneficiary or estate, except the balance, if any, of member contributions plus interest less benefits paid prior to the member's death.
- **Option B – Joint 100% Survivor Benefit** – The single life annuity monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the same benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life Benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.
- **Option C – Joint 50% Survivor Benefit** – The single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the reduced 50% benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life Benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.

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

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

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

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

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

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

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**NOTE 11 General Information on the Pension Plan – Educational Retirement Act (Continued)**

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

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

The contribution requirements of defined benefit plan members and the District and at Moreno Valley High School (MVHS) are established under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2019 and 2018 the District paid employee and employer contributions of \$762,401 and \$725,200, and MVHS paid employee and employer contributions of \$105,032 and \$90,649 which equal the amount of the required contributions for each fiscal year.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:* At June 30, 2019, the District reported a liability of \$12,642,863 for its proportionate share of the net pension liability and MVHS reported \$1,574,412. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018, using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the Board on April 21, 2017. There were no other significant events of changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2018. Therefore, the employer's portion was established as of the measurement date of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions, actuarially determined. June 30, 2018, the District's proportion was 0.10632 %, which was an increase of 0.01045% from its proportion measured as of June 30, 2017. MVHS' proportion was 0.01324% which was a decrease of 0.00282% from its proportion measured at June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$1,973,563. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Net (Inflows) Outflows</b>
Differences between expected and actual experience	\$ 9,227	\$ (240,614)	\$ (231,387)
Changes of assumptions	2,605,634	-	2,605,634
Net difference between projected and actual earnings on pension plan investments	27,988	-	27,988
Changes in proportion and differences between contributions and proportionate share of contributions	683,365	-	683,365
District's contributions subsequent to the measurement date	433,179	-	433,179
Total	<u>\$ 3,759,393</u>	<u>\$ (240,614)</u>	<u>\$ 3,518,779</u>

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**NOTE 11 General Information on the Pension Plan – Educational Retirement Act (Continued)**

Reported deferred outflows of resources of \$433,179 related to pensions resulting from the District’s contributions subsequent to the measurement date of June 30, 2018 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30,**

2020	\$ 1,768,648
2021	1,202,129
2022	114,455
2023	368
2024	-
Thereafter	-
Total	<u>\$ 3,085,600</u>

For the year ended June 30, 2019, MVHS recognized pension expense of \$66,838. At June 30, 2019, MVHS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net (Inflows) Outflows</u>
Differences between expected and actual experience	\$ 1,149	\$ (29,964)	\$ (28,815)
Changes of assumptions	324,479	-	324,479
Net difference between projected and actual earnings on pension plan investments	3,485	-	3,485
Changes in proportion and differences between contributions and proportionate share of contributions	-	(227,149)	(227,149)
School's contributions subsequent to the measurement date	<u>59,595</u>	<u>-</u>	<u>59,595</u>
Total	<u>\$ 388,708</u>	<u>\$ (257,113)</u>	<u>\$ 131,595</u>

Reported deferred outflows of resources of \$59,595 related to pensions resulting from MVHS’ contributions subsequent to the measurement date of June 30, 2018 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30,**

2020	\$ 73,975
2021	35,733
2022	(37,754)
2023	46
2024	-
Thereafter	-
Total	<u>\$ 72,000</u>



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**NOTE 11 General Information on the Pension Plan – Educational Retirement Act (Continued)**

Inflation	2.5%										
Salary Increases	3.25% composed of 2.50% inflation, plus a 0.75% productivity increase rate, plus a step-rate promotional increase for members with less than 10 years of service.										
Investment Rate of Return	7.25% compounded annually, net of expenses. This is made up of a 2.50% inflation rate and a 4.75 real rate of return.										
Average of Expected Remaining Service Lives	<table border="0" style="width: 100%;"> <tr> <td style="text-align: left;">Fiscal Year</td> <td style="text-align: center;"><u>2017</u></td> <td style="text-align: center;"><u>2016</u></td> <td style="text-align: center;"><u>2015</u></td> <td style="text-align: center;"><u>2014</u></td> </tr> <tr> <td style="text-align: left;">Service life in years</td> <td style="text-align: center;">3.35</td> <td style="text-align: center;">3.77</td> <td style="text-align: center;">3.92</td> <td style="text-align: center;">3.88</td> </tr> </table>	Fiscal Year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	Service life in years	3.35	3.77	3.92	3.88
Fiscal Year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>							
Service life in years	3.35	3.77	3.92	3.88							
Mortality	<p><b>Healthy males:</b> Based on the RP-2000 Combined Mortality Table with White Collar adjustments, not set back. Generational mortality improvements with Scale BB from the table’s base year of 2000.</p> <p><b>Healthy females:</b> Based on GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with Scale BB from the table’s base year of 2012.</p> <p><b>Disabled males:</b> RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB.</p> <p><b>Disabled females:</b> RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.</p> <p><b>Active members:</b> RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table’s base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for preretirement mortality.</p>										
Retirement Age	Experience-based table rates based on age and service, adopted by the Board on April 21, 2017 in conjunction with the six-year experience study for the period ending June 30, 2016.										
Cost-of-Living Increases	1.90% per year, compounded annually; increases deferred until July 1 following the year a member retires, or the year in which a member attains the age of 65 (67 for Tier 3), whichever is later or, for disabled retirees, until July 1 of the third year following retirement.										
Payroll Growth	3.00% per year (with no allowance for membership growth).										
Contribution Accumulation	The accumulated member account balance with interest is estimated at the valuation date by assuming that member contributions increased 5.50% per year for all years prior to the valuation date. Contributions are credited with 4.00% interest, compounded annually, applicable to the account balance in the past as well as future.										
Disability Incidence	Approved rates applied to eligible members with at least 10 years of service.										

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

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**NOTE 11 General Information on the Pension Plan – Educational Retirement Act (Continued)**

the assumed annual wage inflation rate from 3.75% to 3.25%, the payroll growth assumption from 3.50% to 3.00%, and the annual assumed COLA from 2.00% to 1.90%.

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

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

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

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

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

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

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

1% Decrease (4.69%)	Current Discount Rate (5.69%)	1% Increase (6.69%)
\$ 16,430,880	\$ 12,642,863	\$ 9,552,078

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**NOTE 11 General Information on the Pension Plan – Educational Retirement Act (Continued)**

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

1% Decrease (4.69%)	Current Discount Rate (5.69%)	1% Increase (6.69%)
\$ 2,046,133	\$ 1,574,412	\$ 1,189,518

*Pension plan fiduciary net position.* Detailed information about the pension plan’s fiduciary net position is available in the separately issued NMERB’s financial reports. The reports can be found on NMERB’s web site at [https://www.nmerb.org/Annual\\_reports.html](https://www.nmerb.org/Annual_reports.html).

*Payables to the pension plan.* The District and MVHS remit the legally required employer and employee contributions on a monthly basis to ERB. The ERB requires that the contributions be remitted by the 15<sup>th</sup> day of the month following the month for which contributions are withheld. At June 30, 2019 the District had no outstanding balances due to ERB; MVHS also had no outstanding balances due to ERB.

**NOTE 12 Other Post-Employment Benefits (OPEB) – State Retiree Health Care Act (RHCA)**

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

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

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

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

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**NOTE 12 Other Post-Employment Benefits (OPEB) – State Retiree Health Care Act (RHCA) (Continued)**

Plan membership

Plan membership

Current retirees and surviving spouses	51,205
Inactive and eligible for deferred benefit	11,471
Current active members	<u>93,349</u>
Total	<u><u>156,025</u></u>

Active membership

State general	19,593
State police and corrections	1,886
Municipal general	17,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	<u>48,756</u>
Total	<u><u>93,349</u></u>

**Contributions** - Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee's salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer's participation in the Fund. Contributions of employee and employer portions to the Fund from the District were \$93,802 and \$88,531 for the years ended June 30, 2019 and 2018, respectively. Employee and employer contributions from MVHS amounted to \$12,862 and \$11,096 for the years ended June 30, 2019 and 2018, respectively.

At June 30, 2019, the District reported a liability of \$3,005,148 for its proportionate share of the net OPEB liability while MVHS reported a liability of \$376,568 for its proportionate share. The net OPEB liability was measured as June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2018, the District's proportion was 0.06911% which was an increase of 0.00683% from its proportion measured at June 30, 2017; and MVHS' proportion for the year ending June 30, 2018 was 0.00866% which was a decrease of 0.00111% from its proportion measured at June 30, 2017.

For the year ended June 30, 2019, the District recognized OPEB expense of \$290. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Net (Inflows) Outflows</b>
Differences between expected and actual experience	\$ -	\$ (177,924)	\$ (177,924)
Changes of assumptions	-	(561,048)	(561,048)
Net difference between projected and actual earnings on pension plan investments	-	(37,503)	(37,503)
Changes in proportion	313,532	-	313,532
District's contributions subsequent to the measurement date	<u>62,107</u>	-	<u>62,107</u>
Total	<u><u>\$ 375,639</u></u>	<u><u>\$ (776,475)</u></u>	<u><u>\$ (400,836)</u></u>

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**NOTE 12 Other Post-Employment Benefits (OPEB) – State Retiree Health Care Act (RHCA) (Continued)**

Deferred outflows of resources totaling \$62,107 represent the District’s contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<b>Year ended June 30,</b>	
2020	\$ (130,860)
2021	(130,860)
2022	(130,860)
2023	(85,928)
2024	15,565
Thereafter	-
Total	<u><u>\$ (462,943)</u></u>

For the year ended June 30, 2019, MVHS recognized OPEB income of \$19,868. At June 30, 2019, MVHS reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net (Inflows) Outflows</u>
Differences between expected and actual experience	\$ -	\$ (22,295)	\$ (22,295)
Changes of assumptions	-	(70,303)	(70,303)
Net difference between projected and actual earnings on pension plan investments	-	(4,699)	(4,699)
Changes in proportion	-	(50,955)	(50,955)
School's contributions subsequent to the measurement date	<u>8,575</u>	<u>-</u>	<u>8,575</u>
Total	<u><u>\$ 8,575</u></u>	<u><u>\$ (148,252)</u></u>	<u><u>\$ (139,677)</u></u>

Deferred outflows of resources totaling \$8,575 represent the MVHS’ contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<b>Year ended June 30,</b>	
2020	\$ (35,517)
2021	(35,517)
2022	(35,517)
2023	(29,887)
2024	(11,814)
Thereafter	-
Total	<u><u>\$ (148,252)</u></u>

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**NOTE 12 Other Post-Employment Benefits (OPEB) – State Retiree Health Care Act (RHCA) (Continued)**

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

Valuation Date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis.
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB, 2.25% for PERA
Projected payroll increases	3.25% to 12.5% 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
Health care cost trend rate	ERB members: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females) PERA members: RP-2000 Combined Healthy Mortality

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

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

**Discount Rate:** The discount rate used to measure the Fund’s total OPEB liability is 4.08% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund’s

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**NOTE 12 Other Post-Employment Benefits (OPEB) – State Retiree Health Care Act (RHCA) (Continued)**

fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2029. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 4.08% is the blended discount rate.

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

1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
\$ 3,636,937	\$ 3,005,148	\$ 2,507,158

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

1% Decrease	Current Trend Rates	1% Increase
\$ 2,540,404	\$ 3,005,148	\$ 3,369,518

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

1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
\$ 455,735	\$ 376,568	\$ 314,166

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

1% Decrease	Current Trend Rates	1% Increase
\$ 318,332	\$ 376,568	\$ 422,226

**OPEB plan fiduciary net position:** Detailed information about the OPEB plan’s fiduciary net position is available in NMRHCA’s audited financial statements for the year ended June 30, 2018. The reports and other relevant information can be found on NMRHCA’s web site at <https://www.nmrhca.org>.

**Payable changes in the net OPEB liability:** At June 30, 2019, the District had a liability due to NMRHCA for the year ended June 30, 2019 in the amount of \$16,958 which was paid on July 9, 2019. MVHS had no outstanding amount owed for the year ended June 30, 2019.

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**NOTE 13 Unavailable Revenues**

The District received \$10,612 from Teacher/Principal Training & Recruiting, Fund 24154, and \$13,906 from Student Support and Academic Enrichment, Fund 24189, subsequent to year-end. These funds were received more than 60 days after year-end. As such, the amount is recorded as a receivable and a deferred inflow of resources in the funds statements; however, for the government-wide statements the amounts are recorded as a receivable and a revenue. The District also had \$397,662 of property taxes and which were unavailable.

**NOTE 14 Concentrations**

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

**NOTE 15 Contingent Liabilities**

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

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

**NOTE 16 Tax Abatement Disclosures**

GASB Statement No. 77 requires government agencies to identify any tax abatement agreements that affect the government agency and disclose the amount of tax which was abated. There are no reported tax abatements affecting the District.

**NOTE 17 Subsequent Accounting Standard Pronouncements**

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

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



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**NOTE 17 Subsequent Accounting Standard Pronouncements (Continued)**

In June 2018, GASB Statement No. 89 *Accounting for Interest Cost Incurred Before the End of a Construction Period*, was issued. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The District is still evaluating how this standard will affect the District.

In August 2018, GASB Statement No. 90 *Majority Equity Interests – An Amendment of GASB Statement No. 14 and No. 61*, was issued. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. The requirement of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The District is still evaluating how this standard will affect the District.

In May 2019, GASB Statement No. 91 *Conduit Debt Obligations*, was issued. The primary objectives of this Statement are to provide 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 will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

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**NOTE 18 Subsequent Events**

A review of subsequent events through October 23, 2019, which is the date the financial statements were available to be issued, indicated nothing of audit significance.

**NOTE 19 Component Units**

**Moreno Valley High School**

Moreno Valley High School (MVHS) is a dependent charter school formed under NMSA 22-8A and as such is presented as a discrete component unit of Cimarron Municipal School District No. 3. MVHS is presented as a component unit since its charter is annually presented and approved by the District's board and a financial burden exists for the District upon closure of the charter school or when the charter school is in need of financial assistance. Additionally, the New Mexico State Auditor, through Rule 2 NMAC 2.2, requires the inclusion of this unit in the reporting entity. Refer to Notes 1 through 18 for significant policies of MVHS, as the charter school is subject to the same State and Federal regulations and follows the same policies as the District.

The following are summarized details of the charter school's balances and transactions as of June 30, 2019 and for the year then ended:

**A. Financial Statement Presentation**

Under the requirements of GASB Statement No. 34, MVHS is required to present some of its governmental funds as major funds based upon certain criteria. The major funds presented in the supplementary information for the funds statements of the component unit include the following:

**Operational Fund (11000)** – To account for the primary revenues and expenditures of MVHS, including, but not limited to, student instruction, student support, instructional support, general administration, school administration, central services, and operations and maintenance of plant. Revenues come from district tax levy, state equalization, and other local, state, and federal sources. This fund is considered by PED to be a sub-fund of the General Fund. No minimum balance required according to legislation.

**Instructional Materials Fund (14000)** – To account for funding designated for instructional materials purchases as authorized by Sections 22-15-1 through 22-15-14, NMSA, 1978 for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students. This is considered by PED to be a sub-fund of the General Fund. No minimum balance required according to legislation.

**Private Direct Grants (29102)** – To account for local grants awarded to provide additional funding for specific projects. No minimum balance required according to legislation.

**Public School Capital Outlay (31200)** – To account for funding provided to the District by the State of New Mexico for capital improvement projects approved by the Public School Capital Outlay Council. Funding is authorized by NMAC 6.20.2 through the New Mexico Public Education Department. No minimum balance required according to legislation.

**Capital Improvements SB-9 (Local) – (31701)** – 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 a special tax levy as authorized by the Public School District Capital Improvements Act. (22-25-1 to 22-25-10 NMSA 1978).

**Education Technology Equipment Act (31900)** – To account for State funding to promote the comprehensive integration of advanced technologies in education settings, through the conduct of technical assistance, professional development, information and resource dissemination, and collaboration activities. No minimum balance required according to legislation.

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 19 Component Units (Continued)**

**Moreno Valley High School (Continued)**

**B. Revenues**

*State Equalization Guarantee:* MVHS received \$741,862 in state equalization guarantee distributions during the year ended June 30, 2019.

*Instructional Materials:* MVHS received no funds from the State for the year ended June 30, 2019.

*SB-9 State Match:* MVHS received no funds from the State for SB-9 matching during the year ended June 30, 2019.

*Public School Capital Outlay:* Awards for rent assistance totaled \$39,758 during the year ended June 30, 2019 for MVHS.

*Tax Revenues:* In the year ended June 30, 2019, MVHS collected \$97,419 in property taxes.

**C. Cash and Temporary Investments**

*Deposits:* 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 MVHS for at least one half of the amount on deposit with the institution in excess of federal deposit insurance. The schedule listed below will meet the State of New Mexico Office of the State Auditor's requirements in reporting the insured portion of the deposits.

	International Bank	Washington Federal	Total
Total amounts of deposits	\$ 471,591	\$ 41,692	\$ 513,283
FDIC coverage	250,000	41,692	291,692
Total uninsured public funds	<u>221,591</u>	<u>-</u>	<u>221,591</u>
Collateral requirement (50% of uninsured public funds)	110,796	-	110,796
Pledged security	<u>238,327</u>	<u>-</u>	<u>238,327</u>
Total over (under) collateralized	<u>\$ 127,531</u>	<u>\$ -</u>	<u>\$ 127,531</u>

Funds are maintained in non-interest-bearing accounts in both financial institutions.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 19      Component Units (Continued)**

**Moreno Valley High School (Continued)**

***C.      Cash and Temporary Investments (Continued)***

Deposits – The risk exists when a portion of MVHS’s deposits are not covered by depository insurance and are:

1. Uncollateralized;
2. Collateralized with securities held by the pledging financial institution; or
3. Collateralized with securities held by the pledging financial institution’s trust department or agent but not in the depositor’s (MVHS’s) name.

At June 30, 2019, \$221,591 of MVHS’ bank balance of \$513,283 was exposed to custodial credit risk as it was uninsured and the collateral was not held in MVHS’ name.

The carrying amount of deposits and investments shown above are included in MVHS’ Statement of Net Position as follows:

Reconciliation to Statement of Net Position

Governmental Funds - Balance Sheet

Cash and cash equivalents per Statement E-1	\$    421,118
Statement of Fiduciary Net Position - cash per Statement E-10	<u>          41,693</u>
Total per financial statements	462,811
Add outstanding checks and other reconciling items	<u>          50,472</u>
Bank balance of deposits	<u><u>          \$    513,283</u></u>

***D.      Receivables***

Receivables for MVHS as of June 30, 2019 included capital grant revenue due to Public School Capital Outlay (31200) in the amount of \$9,940 and property taxes due to Capital Improvements SB-9 (Local) (31701) in the amount of \$22,268.

The above receivables are deemed 100% collectible. In Accordance with GASB No. 33, property tax revenues in the amount of \$19,421 were not collected within the period of availability.

***E.      Interfund Receivables, Payables, and Transfers***

At June 30, 2019, MVHS had one interfund receivable of \$9,940 due the Operational Fund (11000) from the Public School Capital Outlay Fund (31200). There were no interfund transfers during the year.

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 19 Component Units (Continued)**

**Moreno Valley High School (Continued)**

***F. Capital Assets***

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

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets used in governmental activities:				
Capital assets being depreciated:				
Furniture, fixtures, and equipment	\$ 72,834	\$ -	\$ -	\$ 72,834
Total capital assets being depreciated	<u>72,834</u>	<u>-</u>	<u>-</u>	<u>72,834</u>
Less accumulated depreciation:				
Furniture, fixtures, and equipment	72,834	-	-	72,834
Total accumulated depreciation	<u>72,834</u>	<u>-</u>	<u>-</u>	<u>72,834</u>
Total capital assets, net of depreciation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

There was no depreciation expense for the year ended June 30, 2019 as all assets are fully depreciated.

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.

***G. Other Required Individual Fund Disclosures***

1. Deficit fund balance of individual funds. MVHS had no funds reporting a deficit fund balance at June 30, 2019.
2. Excess of expenditures over appropriations. MVHS had no excess expenditures at June 30, 2019.
3. Cash appropriations in excess of available cash balance. For the year ended June 30, 2019, MVHS had no cash appropriations in excess of available cash balances.

***H. Unavailable Revenues***

MVHS had \$19,421 of property taxes which weren't collected within the period of availability. As such, the amount is recorded as a receivable and a deferred inflow of resources in the funds statements; however, for the government-wide statements the amounts are recorded as a receivable and revenue.

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 19 Component Units (Continued)**

**Moreno Valley Education Foundation – Component Unit of Moreno Valley High School**

Moreno Valley Education Foundation (Foundation) is a separate but affiliated, self-sustaining, not-for-profit organization. The Foundation was established to provide support for Moreno Valley High School and to promote, sponsor, and carry out charitable and related activities for Moreno Valley High School. It is governed by an independent board of volunteers. The Foundation is considered to be a component unit of the Moreno Valley High School because the purpose of the Foundation is to exclusively, or almost exclusively, benefit the District and MVHS by soliciting contributions and managing the funds.

The following are summarized details for the Foundation’s balances and transactions as of June 30, 2019 and for the year then ended:

**A. Cash and Temporary Investments**

The Foundation’s cash accounts are held in noninterest-bearing demand checking account at a local financial institution with a carrying amount of \$85,913 at June 30, 2019.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure the Foundation’s deposits may not be returned to it. All of the Foundation’s accounts are at an insured depository institution insured by the FDIC up to the maximum deposit insurance amount of \$250,000 for demand deposit accounts. At June 30, 2019, the Foundation had no uninsured cash deposits.

**B. Capital Assets**

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

	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Capital assets used in governmental activities:	<u>June 30, 2018</u>			<u>June 30, 2019</u>
Capital assets not being depreciated:				
Land	\$ 151,920	\$ -	\$ -	\$ 151,920
Total capital assets not being depreciated	<u>151,920</u>	<u>-</u>	<u>-</u>	<u>151,920</u>
Capital assets being depreciated:				
Furniture, fixtures, and equipment	41,696	-	-	41,696
Total capital assets being depreciated	<u>41,696</u>	<u>-</u>	<u>-</u>	<u>41,696</u>
Less accumulated depreciation:				
Furniture, fixtures, and equipment	41,696	-	-	41,696
Total accumulated depreciation	<u>41,696</u>	<u>-</u>	<u>-</u>	<u>41,696</u>
Total capital assets, net of depreciation	<u>\$ 151,920</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 151,920</u>

The Foundation’s capital assets are completely depreciated, as such there is no depreciation for the year.

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.

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**REQUIRED SUPPLEMENTARY INFORMATION**



**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**EDUCATIONAL RETIREMENT BOARD (ERB) PLAN**  
**LAST 10 FISCAL YEARS\***  
**JUNE 30, 2019**

Schedule I

**Primary Government: Cimarron Municipal School District No. 3**

<b>Fiscal Year Ended June 30,</b>	<b>Measurement Date - Year Ended June 30,</b>	<b>District's Proportion of the Net Pension Liability (NPL)</b>	<b>District's Proportionate Share of the NPL</b>	<b>District's Covered- Employee Payroll</b>	<b>District's Proportionate Share of the NPL as a Percentage of its Covered- Employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2019	2018	0.10632%	\$ 12,642,863	\$ 2,970,833	425.57%	52.17%
2018	2017	0.09587%	\$ 10,654,482	\$ 2,730,075	390.26%	52.95%
2017	2016	0.09403%	\$ 6,766,806	\$ 2,684,101	252.11%	61.58%
2016	2015	0.09209%	\$ 5,964,915	\$ 2,617,732	227.87%	63.97%
2015	2014	0.09349%	\$ 5,334,279	\$ 2,577,459	206.96%	66.54%

**Component Unit: Moreno Valley High School**

<b>Fiscal Year Ended June 30,</b>	<b>Measurement Date - Year Ended June 30,</b>	<b>MVHS' Proportion of the Net Pension Liability (NPL)</b>	<b>MVHS' Proportionate Share of the NPL</b>	<b>MVHS' Covered- Employee Payroll</b>	<b>MVHS' Proportionate Share of the NPL as a Percentage of its Covered- Employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2019	2018	0.01324%	\$ 1,574,412	\$ 369,984	425.54%	52.17%
2018	2017	0.01606%	\$ 1,784,823	\$ 456,739	390.78%	52.95%
2017	2016	0.01761%	\$ 1,267,292	\$ 539,390	234.95%	61.58%
2016	2015	0.01897%	\$ 1,228,737	\$ 566,253	216.99%	63.97%
2015	2014	0.02054%	\$ 1,171,949	\$ 554,162	211.48%	66.54%

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

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**EDUCATIONAL RETIREMENT BOARD (ERB) PLAN**  
**LAST 10 FISCAL YEARS\***  
**JUNE 30, 2019**

Schedule II

**Primary Government: Cimarron Municipal School District No. 3**

<b>Fiscal Year Ended June 30,</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to the Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>District's Covered- Employee Payroll</b>	<b>Contributions as a Percentage of Covered- Employee Payroll</b>
2019	\$ 433,179	\$ 433,179	\$ -	\$ 3,117,044	13.90%
2018	\$ 413,661	\$ 413,661	\$ -	\$ 2,970,833	13.92%
2017	\$ 378,353	\$ 378,353	\$ -	\$ 2,730,075	13.86%
2016	\$ 373,090	\$ 373,090	\$ -	\$ 2,684,101	13.90%
2015	\$ 363,865	\$ 363,865	\$ -	\$ 2,617,732	13.90%

**Component Unit: Moreno Valley High School**

<b>Fiscal Year Ended June 30,</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to the Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>MVHS' Covered- Employee Payroll</b>	<b>Contributions as a Percentage of Covered- Employee Payroll</b>
2019	\$ 59,595	\$ 59,595	\$ -	\$ 428,743	13.90%
2018	\$ 51,415	\$ 51,415	\$ -	\$ 369,984	13.90%
2017	\$ 63,857	\$ 63,857	\$ -	\$ 456,739	13.98%
2016	\$ 74,975	\$ 74,975	\$ -	\$ 539,390	13.90%
2015	\$ 74,462	\$ 74,462	\$ -	\$ 566,253	13.15%

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

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
EDUCATIONAL RETIREMENT BOARD (ERB) PLAN  
JUNE 30, 2019

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

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

See also Note 11 *General Information on the Pension Plan - Educational Retirement Act* in the financial statement note disclosure on the OPEB plan.

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE**  
**NET OTHER POST-EMPLOYMENT BENEFITS (OPEB)**  
**RETIREE HEALTH CARE AUTHORITY (RHCA)**  
**LAST 10 FISCAL YEARS\***  
**JUNE 30, 2019**

Schedule III

**Primary Government: Cimarron Municipal School District No. 3**

<b>Fiscal Year Ended June 30,</b>	<b>Measurement Date - Year Ended June 30,</b>	<b>District's Proportion of the Net OPEB Liability</b>	<b>District's Proportionate Share of the Net OPEB Liability</b>	<b>District's Covered- Employee Payroll</b>	<b>District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered- Employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
2019	2018	0.06911%	\$ 3,005,148	\$ 2,951,013	101.83%	13.14%
2018	2017	0.06228%	2,822,326	\$ 2,673,584	105.56%	11.34%

**Component Unit: Moreno Valley High School**

<b>Fiscal Year Ended June 30,</b>	<b>Measurement Date - Year Ended June 30,</b>	<b>MVHS' Proportion of the Net OPEB Liability</b>	<b>MVHS' Proportionate Share of the Net OPEB Liability</b>	<b>MVHS' Covered- Employee Payroll</b>	<b>MVHS' Proportionate Share of the Net OPEB Liability as a Percentage of its Covered- Employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
2019	2018	0.00866%	\$ 376,568	\$ 369,884	101.81%	13.14%
2018	2017	0.00977%	442,744	\$ 448,423	98.73%	11.34%

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

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**SCHEDULE OF OTHER POST-EMPLOYMENT BENEFITS (OPEB) CONTRIBUTIONS**  
**RETIREE HEALTH CARE AUTHORITY (RHCA)**  
**LAST 10 FISCAL YEARS\***  
**JUNE 30, 2019**

Schedule IV

**Primary Government: Cimarron Municipal School District No. 3**

<b>Fiscal Year Ended June 30,</b>	<b>Contractually required contribution</b>	<b>Contributions in relation to the contractually required contribution</b>	<b>Contribution deficiency (excess)</b>	<b>District's covered employee payroll</b>	<b>Contributions as a percentage of covered-employee payroll</b>
2019	\$ 62,107	\$ 62,107	\$ -	\$ 3,102,698	2.00%
2018	\$ 58,987	\$ 58,987	\$ -	\$ 2,951,013	2.00%

**Component Unit: Moreno Valley High School**

<b>Fiscal Year Ended June 30,</b>	<b>Contractually required contribution</b>	<b>Contributions in relation to the contractually required contribution</b>	<b>Contribution deficiency (excess)</b>	<b>MVHS' covered- employee payroll</b>	<b>Contributions as a percentage of covered-employee payroll</b>
2019	\$ 8,575	\$ 8,575	\$ -	\$ 428,743	2.00%
2018	\$ 7,398	\$ 7,398	\$ -	\$ 369,884	2.00%

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

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
RETIREE HEALTH CARE AUTHORITY (RHCA)  
JUNE 30, 2019

***Changes in assumptions and methods.*** 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 1.5% over 14 years for Non-Medicare medical plan costs and 7.5%

See also Note 12 *Other Post-Employment Benefits (OPEB) - State Retiree Health Care Act (RHCA)* in the financial statement note disclosure on the OPEB plan.

The accompanying notes are an integral part of these financial statements.

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**SUPPLEMENTARY INFORMATION**



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**NONMAJOR GOVERNMENTAL FUNDS**

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

Statement A-1

	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	TOTAL
<b>ASSETS</b>				
<i>Current assets:</i>				
Cash and temporary investments	\$ 177,092	\$ 1,985	\$ -	\$ 179,077
Accounts receivable				
Taxes	-	23,702	-	23,702
Due from other governments	190,557	26,963	-	217,520
Interfund receivables	-	-	-	-
Prepays	5,000	-	-	5,000
Inventory	1,295	-	-	1,295
	<u>373,944</u>	<u>52,650</u>	<u>-</u>	<u>426,594</u>
<i>Total assets</i>	<u>\$ 373,944</u>	<u>\$ 52,650</u>	<u>\$ -</u>	<u>\$ 426,594</u>
<b>LIABILITIES</b>				
<i>Current liabilities:</i>				
Accounts payable	\$ 19,387	\$ -	\$ -	\$ 19,387
Accrued payroll liabilities	18,767	-	-	18,767
Interfund payables	139,321	26,963	-	166,284
Unearned revenue	51,393	-	-	51,393
	<u>228,868</u>	<u>26,963</u>	<u>-</u>	<u>255,831</u>
<i>Total liabilities</i>	<u>228,868</u>	<u>26,963</u>	<u>-</u>	<u>255,831</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - property taxes	-	23,702	-	23,702
	<u>24,518</u>	<u>23,702</u>	<u>-</u>	<u>48,220</u>
<i>Total deferred inflows of resources</i>	<u>24,518</u>	<u>23,702</u>	<u>-</u>	<u>48,220</u>
<b>FUND BALANCES</b>				
Nonspendable	1,295	-	-	1,295
Restricted for:				
Grant mandates	12,926	-	-	12,926
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	130,856	1,985	-	132,841
Unassigned	(24,519)	-	-	(24,519)
	<u>120,558</u>	<u>1,985</u>	<u>-</u>	<u>122,543</u>
<i>Total fund balances</i>	<u>120,558</u>	<u>1,985</u>	<u>-</u>	<u>122,543</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 373,944</u>	<u>\$ 52,650</u>	<u>\$ -</u>	<u>\$ 426,594</u>

The accompanying notes are an integral part of these financial statements.

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

Statement A-2

	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	TOTAL
<i>Revenues:</i>				
Property taxes	\$ -	\$ 299	\$ -	\$ 299
Oil and gas taxes	-	-	-	-
State grants	102,928	26,963	-	129,891
Federal grants	548,112	-	-	548,112
Miscellaneous	46,000	-	-	46,000
Charges for services	50,785	-	-	50,785
Investment income	-	-	-	-
<i>Total revenues</i>	<u>747,825</u>	<u>27,262</u>	<u>-</u>	<u>775,087</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	356,904	-	-	356,904
Support services				
Students	36,097	-	-	36,097
Instruction	46,608	-	-	46,608
General administration	8,592	3	-	8,595
School administration	15,556	-	-	15,556
Central services	11,702	-	-	11,702
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	275,830	-	-	275,830
Community services	-	-	-	-
Capital outlay	-	26,963	-	26,963
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>751,289</u>	<u>26,966</u>	<u>-</u>	<u>778,255</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(3,464)</u>	<u>296</u>	<u>-</u>	<u>(3,168)</u>
<i>Other financing sources (uses):</i>				
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	(3,464)	296	-	(3,168)
<i>Fund balances - beginning of year</i>	<u>124,022</u>	<u>1,689</u>	<u>-</u>	<u>125,711</u>
<i>Fund balances - end of year</i>	<u>\$ 120,558</u>	<u>\$ 1,985</u>	<u>\$ -</u>	<u>\$ 122,543</u>

The accompanying notes are an integral part of these financial statements.

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**SPECIAL REVENUE FUNDS**

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**SPECIAL REVENUE FUNDS DESCRIPTIONS**  
**JUNE 30, 2019**

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

**Primary Government**

**Food Services (21000)** - This fund is utilized to account for Federal and Local sources of income relating to the food service programs. The Food Service Fund is segregated into two categories, one being the Federal funds and the other being Non-Federal funds. Federal funds consist of National School Lunch Program, which is administered by the State of New Mexico for the purpose of making breakfast and lunch available to all school children and to encourage the domestic consumption of agricultural commodities and other food components. Authority for the creation of this fund is NMSA 22-13-13. No minimum balance required according to legislation.

**Athletics (22000)** – This fund is used to account for fees generated at athletic activities throughout the School District. The gate receipts are obtained from the general public and are expended in this fund. The authority for creation of this fund is 6.20.2 NMAC. No minimum balance required according to legislation.

**Title I IASA (24101)** This fund is used to account for the major objectives of the Title I programs are to provide supplemental educational opportunity for academically disadvantaged children in the area of residing. Campuses are identified for program participation by the percentage of students on free or reduced price lunches. Any school with a free and reduced price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criteria that identify a campus; educational need determines the students to be served. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Education. Authority for creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383. No minimum balance required according to legislation.

**IDEA-B Entitlement (24106)** – To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by Individuals with Disabilities Education Act, Part B, Section 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100,639, and 101-476, 20 U.S.C. 1411-1420. No minimum balance required according to legislation.

**IDEA-B Preschool (24109)** – The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from ages three to five. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is Public Law 105-17. No minimum balance required according to legislation.

**IDEA-B Results Plan (24132)** – This account is to support the individual school site's Education Plan for Student Success, or areas in need of improvement as identified through an instructional audit. This is a pilot program for the New Mexico Real Results program required by US Dept. of Education of Special Education Programs. Authority for creation of this fund is the NMPED. No minimum balance required according to legislation.

**Teacher/Principal Training & Recruiting (24154)** – To improve the skills of teachers and the quality of instruction in mathematics and science, and also to increase the accessibility of such instruction to all students. No minimum balance required according to legislation.

**USDA Equipment Grant (24183)** – To provide grant funds for the purchase of equipment for the student nutrition programs of schools. No minimum balance required according to legislation.

**Student Support and Academic Achievement (24189)** – This sub award supports well-rounded educational opportunities, safe and healthy students, and effective use of technology. No minimum balance required according to legislation.

**Title XIX Medicaid 3/21 Years (25153)** – To provide school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children. (P.L. 105-33) No minimum balance required according to legislation.

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**SPECIAL REVENUE FUNDS DESCRIPTIONS**  
**JUNE 30, 2019**

**Rural Education Achievement Program (25233)** – To account for funds received under the Small Rural School Achievement Program to enhance education. No minimum balance required according to legislation.

**Turner Foundation (26156)** – The purpose of this grant is to enhance the curriculum by utilizing nontraditional teaching methods (real life learning). No minimum balance required.

**A Plus for Energy (26179)** – To assist high school lab based science courses in the study of energy resources. No minimum balance required.

**Dual Credit Instructional Materials (27103)** – To purchase college textbooks for students who dual enroll in college credited courses while still attending high school. No minimum balance required according to legislation.

**2012 GO Bonds Student Library Fund (SB66) (27107)** – Funds used to purchase library books and library supplies for all school sites. Program is authorized by state statute. No minimum balance required according to legislation.

**Excellence in Teaching Awards (27125)** – The funding under this award must be used solely for Excellence in Teaching salary supplements and may be only awarded to teachers who have met the award criteria. No minimum balance required according to legislation.

**PreK Initiative (27149)** – The Pre-K Initiative program provides high-quality early childhood services (in accordance with the NM Pre-K standards) to four year old children in need. Authorized through 32A-23-1 NMSA 1978. No minimum balance required according to legislation.

**Breakfast for Elementary Students (27155)** – To account for legislative appropriation to implement Breakfast in the Classroom for elementary schools in need of improvement based on AYP designation. Authority for the creation of this fund is the New Mexico Public Education Department. No minimum balance required according to legislation.

**Private Direct Grants (29102)** – To account for local grants awarded to provide additional funding for specific projects. No minimum balance required according to legislation.

**MORENO VALLEY HIGH SCHOOL**

**Component Unit**

**IDEA-B Entitlement (24106)** – To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by Individuals with Disabilities Education Act, Part B, Section 611-620, as amended, Public Laws 91-230, 93-380, 94-142, 98-199, 99-457, 100,639, and 101-476, 20 U.S.C. 1411-1420. No minimum balance required according to legislation.



**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2019**

Statement B-1

	Food Services 21000	Athletics 22000	Title I IASA 24101	IDEA-B Entitlement 24106	IDEA-B Preschool 24109
<b>ASSETS</b>					
<i>Current assets:</i>					
Cash and temporary investments	\$ 32,682	\$ 27,717	\$ 22,146	\$ 4,983	\$ 116
Accounts receivable					
Taxes	-	-	-	-	-
Due from other governments	18,601	-	30,133	48,795	3,464
Interfund receivables	-	-	-	-	-
Prepays	-	5,000	-	-	-
Inventory	1,295	-	-	-	-
<i>Total assets</i>	<u>\$ 52,578</u>	<u>\$ 32,717</u>	<u>\$ 52,279</u>	<u>\$ 53,778</u>	<u>\$ 3,580</u>
<b>LIABILITIES</b>					
<i>Current liabilities:</i>					
Accounts payable	\$ 19,387	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	3,646	-	3,514	4,983	116
Interfund payables	-	-	-	46,167	3,464
Unearned revenue	-	-	48,765	2,628	-
<i>Total liabilities</i>	<u>23,033</u>	<u>-</u>	<u>52,279</u>	<u>53,778</u>	<u>3,580</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues - property taxes	-	-	-	-	-
Unavailable revenues - other	-	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable	1,295	-	-	-	-
Restricted for:					
Grant mandates	-	10,838	-	-	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	28,250	21,879	-	-	-
Unassigned	-	-	-	-	-
<i>Total fund balances</i>	<u>29,545</u>	<u>32,717</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 52,578</u>	<u>\$ 32,717</u>	<u>\$ 52,279</u>	<u>\$ 53,778</u>	<u>\$ 3,580</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2019**

Statement B-1

	IDEA-B Results Plan 24132	Teacher/Principal Training & Recruiting 24154	USDA Equipment Grant 24183	Student Support and Academic Achievement 24189	Title XIX Medicaid 3/21 Years 25153
<b>ASSETS</b>					
<i>Current assets:</i>					
Cash and temporary investments	\$ 1,482	\$ 293	\$ -	\$ -	\$ 1,036
Accounts receivable					
Taxes	-	-	-	-	-
Due from other governments	25,750	10,612	20,828	13,906	-
Interfund receivables	-	-	-	-	-
Prepays	-	-	-	-	-
Inventory	-	-	-	-	-
<i>Total assets</i>	<u>\$ 27,232</u>	<u>\$ 10,905</u>	<u>\$ 20,828</u>	<u>\$ 13,906</u>	<u>\$ 1,036</u>
<b>LIABILITIES</b>					
<i>Current liabilities:</i>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	1,482	168	-	-	1,036
Interfund payables	25,750	10,737	20,828	13,906	-
Unearned revenue	-	-	-	-	-
<i>Total liabilities</i>	<u>27,232</u>	<u>10,905</u>	<u>20,828</u>	<u>13,906</u>	<u>1,036</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues - property taxes	-	-	-	-	-
Unavailable revenues - other	-	10,612	-	13,906	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>10,612</u>	<u>-</u>	<u>13,906</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted for:					
Grant mandates	-	-	-	-	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	(10,612)	-	(13,906)	-
<i>Total fund balances</i>	<u>-</u>	<u>(10,612)</u>	<u>-</u>	<u>(13,906)</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 27,232</u>	<u>\$ 10,905</u>	<u>\$ 20,828</u>	<u>\$ 13,906</u>	<u>\$ 1,036</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2019**

Statement B-1

	Rural Education Achievement Program 25233	Turner Foundation 26156	A Plus for Energy 26179	Dual Credit Instructional Materials 27103	2012 GO Bond Student Library Fund (SB66) 27107
<b>ASSETS</b>					
<i>Current assets:</i>					
Cash and temporary investments	\$ 107	\$ 17,104	\$ 870	\$ -	\$ 1
Accounts receivable					
Taxes	-	-	-	-	-
Due from other governments	-	-	-	-	5,100
Interfund receivables	-	-	-	-	-
Prepays	-	-	-	-	-
Inventory	-	-	-	-	-
<i>Total assets</i>	<u>\$ 107</u>	<u>\$ 17,104</u>	<u>\$ 870</u>	<u>\$ -</u>	<u>\$ 5,101</u>
<b>LIABILITIES</b>					
<i>Current liabilities:</i>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	107	-	-	-	-
Interfund payables	-	-	-	-	5,101
Unearned revenue	-	-	-	-	-
<i>Total liabilities</i>	<u>107</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,101</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues - property taxes	-	-	-	-	-
Unavailable revenues - other	-	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted for:					
Grant mandates	-	-	-	-	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	-	17,104	870	-	-
Unassigned	-	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>17,104</u>	<u>870</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 107</u>	<u>\$ 17,104</u>	<u>\$ 870</u>	<u>\$ -</u>	<u>\$ 5,101</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2019**

Statement B-1

	Excellence in Teaching Awards 27125	PreK Initiative 27149	Breakfast for Elementary Students 27155	Private Direct Grants 29102	Total
<b>ASSETS</b>					
<i>Current assets:</i>					
Cash and temporary investments	\$ -	\$ 3,715	\$ -	\$ 64,840	\$ 177,092
Accounts receivable					-
Taxes	-	-	-	-	-
Due from other governments	-	13,368	-	-	190,557
Interfund receivables	-	-	-	-	-
Prepays	-	-	-	-	5,000
Inventory	-	-	-	-	1,295
<i>Total assets</i>	<u>\$ -</u>	<u>\$ 17,083</u>	<u>\$ -</u>	<u>\$ 64,840</u>	<u>\$ 373,944</u>
<b>LIABILITIES</b>					
<i>Current liabilities:</i>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 19,387
Accrued payroll liabilities	-	3,715	-	-	18,767
Interfund payables	-	13,368	-	-	139,321
Unearned revenue	-	-	-	-	51,393
<i>Total liabilities</i>	<u>-</u>	<u>17,083</u>	<u>-</u>	<u>-</u>	<u>228,868</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues - property taxes	-	-	-	-	-
Unavailable revenues - other	-	-	-	-	24,518
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,518</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	1,295
Restricted for:					
Grant mandates	-	-	-	2,087	12,925
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	-	-	-	62,753	130,856
Unassigned	-	-	-	-	(24,518)
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,840</u>	<u>120,558</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ -</u>	<u>\$ 17,083</u>	<u>\$ -</u>	<u>\$ 64,840</u>	<u>\$ 373,944</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Statement B-2

	Food Services 21000	Athletics 22000	Title I IASA 24101	IDEA-B Entitlement 24106	IDEA-B Preschool 24109
<i>Revenues:</i>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-	-
State grants	1,005	-	-	-	-
Federal grants	207,429	-	66,712	119,723	11,883
Miscellaneous	-	-	-	-	-
Charges for services	36,342	14,443	-	-	-
Investment income	-	-	-	-	-
<i>Total revenues</i>	<u>244,776</u>	<u>14,443</u>	<u>66,712</u>	<u>119,723</u>	<u>11,883</u>
<i>Expenditures:</i>					
<i>Current:</i>					
Instruction	-	3,105	22,100	89,603	11,883
Support services					
Students	-	-	-	18,418	-
Instruction	-	-	41,508	-	-
General administration	-	-	-	-	-
School administration	-	-	3,104	-	-
Central services	-	-	-	11,702	-
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Other support services	-	-	-	-	-
Food services operations	247,377	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>247,377</u>	<u>3,105</u>	<u>66,712</u>	<u>119,723</u>	<u>11,883</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(2,601)</u>	<u>11,338</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>					
Proceeds from bond issues	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	(2,601)	11,338	-	-	-
<i>Fund balances - beginning of year</i>	<u>32,146</u>	<u>21,379</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 29,545</u>	<u>\$ 32,717</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Statement B-2

	IDEA-B Results Plan 24132	Teacher/Principal Training & Recruiting 24154	USDA Equipment Grant 24183	Student Support and Academic Achievement 24189	Title XIX Medicaid 3/21 Years 25153
<i>Revenues:</i>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-	-
State grants	-	-	-	-	27,199
Federal grants	50,297	7,858	20,828	-	-
Miscellaneous	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
<i>Total revenues</i>	<u>50,297</u>	<u>7,858</u>	<u>20,828</u>	<u>-</u>	<u>27,199</u>
<i>Expenditures:</i>					
<i>Current:</i>					
Instruction	50,297	18,470	-	13,906	-
Support services					
Students	-	-	-	-	14,747
Instruction	-	-	-	-	-
General administration	-	-	-	-	-
School administration	-	-	-	-	12,452
Central services	-	-	-	-	-
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Other support services	-	-	-	-	-
Food services operations	-	-	20,828	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>50,297</u>	<u>18,470</u>	<u>20,828</u>	<u>13,906</u>	<u>27,199</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(10,612)</u>	<u>-</u>	<u>(13,906)</u>	<u>-</u>
<i>Other financing sources (uses):</i>					
Proceeds from bond issues	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	-	(10,612)	-	(13,906)	-
<i>Fund balances - beginning of year</i>	-	-	-	-	-
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ (10,612)</u>	<u>\$ -</u>	<u>\$ (13,906)</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Statement B-2

	Rural Education Achievement Program 25233	Turner Foundation 26156	A Plus for Energy 26179	Dual Credit Instructional Materials 27103	2012 GO Bond Student Library Fund (SB66) 27107
<i>Revenues:</i>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-	-
State grants	-	-	-	1,021	5,100
Federal grants	63,382	-	-	-	-
Miscellaneous	-	18,000	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
<i>Total revenues</i>	<u>63,382</u>	<u>18,000</u>	<u>-</u>	<u>1,021</u>	<u>5,100</u>
<i>Expenditures:</i>					
<i>Current:</i>					
Instruction	60,450	17,670	-	1,021	-
Support services					
Students	2,932	-	-	-	-
Instruction	-	-	-	-	5,100
General administration	-	-	-	-	-
School administration	-	-	-	-	-
Central services	-	-	-	-	-
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Other support services	-	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>63,382</u>	<u>17,670</u>	<u>-</u>	<u>1,021</u>	<u>5,100</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>330</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>					
Proceeds from bond issues	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	-	330	-	-	-
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>16,774</u>	<u>870</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ 17,104</u>	<u>\$ 870</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Statement B-2

	Excellence in Teaching Awards 27125	PreK Initiative 27149	Breakfast for Elementary Students 27155	Private Direct Grants 29102	Total
<i>Revenues:</i>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-	-
State grants	16,092	44,886	7,625	-	102,928
Federal grants	-	-	-	-	548,112
Miscellaneous	-	-	-	28,000	46,000
Charges for services	-	-	-	-	50,785
Investment income	-	-	-	-	-
<i>Total revenues</i>	<u>16,092</u>	<u>44,886</u>	<u>7,625</u>	<u>28,000</u>	<u>747,825</u>
<i>Expenditures:</i>					
<i>Current:</i>					
Instruction	16,092	44,886	-	7,421	356,904
Support services					
Students	-	-	-	-	36,097
Instruction	-	-	-	-	46,608
General administration	-	-	-	8,592	8,592
School administration	-	-	-	-	15,556
Central services	-	-	-	-	11,702
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Other support services	-	-	-	-	-
Food services operations	-	-	7,625	-	275,830
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>16,092</u>	<u>44,886</u>	<u>7,625</u>	<u>16,013</u>	<u>751,289</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,987</u>	<u>(3,464)</u>
<i>Other financing sources (uses):</i>					
Proceeds from bond issues	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	-	-	-	11,987	(3,464)
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,853</u>	<u>124,022</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64,840</u>	<u>\$ 120,558</u>

The accompanying notes are an integral part of these financial statements.



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**CAPITAL PROJECTS FUNDS**

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**CAPITAL PROJECTS FUNDS DESCRIPTIONS**  
**JUNE 30, 2019**

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

**Primary Government**

**Capital Improvements HB-33 (31600)** – The fund provides financing for the purchase of equipment and capital improvements to School District property. Funding received from a 5 mill property tax levy and interest earned on investments, per House Bill 33. No minimum balance required according to legislation.

**Capital Improvements SB-9 (State Match) (31700)** – To account for erecting, remodeling, making additions to, and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as identified by the local school board. Financing is provided by the State of New Mexico's State Equalization Matching. (22-25-1 to 22-25-10 NMSA 1978). No minimum balance required according to legislation.

**MORENO VALLEY HIGH SCHOOL**

**Component Unit**

None

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**  
**JUNE 30, 2019**

Statement C-1

	<u>Capital Improvements HB-33 31600</u>	<u>Capital Improvements SB9 (State Match) 31700</u>	<u>Total</u>
<b>ASSETS</b>			
<i>Current assets:</i>			
Cash and temporary investments	\$ 1,985	\$ -	\$ 1,985
Accounts receivable			-
Taxes	23,702	-	23,702.00
Due from other governments	-	26,963	26,963.00
Interfund receivables	-	-	-
Prepays	-	-	-
Inventory	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total assets</i>	<u>\$ 25,687</u>	<u>\$ 26,963</u>	<u>\$ 52,650</u>
<b>LIABILITIES</b>			
<i>Current liabilities:</i>			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-
Interfund payables	-	26,963	26,963
Unearned revenue	-	-	-
	<u>-</u>	<u>26,963</u>	<u>26,963</u>
<i>Total liabilities</i>	<u>-</u>	<u>26,963</u>	<u>26,963</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues - property taxes	23,702	-	23,702
Unavailable revenues - other	-	-	-
<i>Total deferred inflows of resources</i>	<u>23,702</u>	<u>-</u>	<u>23,702</u>
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted for:			
Grant mandates	-	-	-
Capital projects	-	-	-
Debt service	-	-	-
Assigned	1,985	-	1,985
Unassigned	-	-	-
	<u>1,985</u>	<u>-</u>	<u>1,985</u>
<i>Total fund balances</i>	<u>1,985</u>	<u>-</u>	<u>1,985</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 25,687</u>	<u>\$ 26,963</u>	<u>\$ 52,650</u>

The accompanying notes are an integral part of these financial statements.

## STATE OF NEW MEXICO

Statement C-2

CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
 COMBINING STATEMENT OF REVENUES,  
 EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDING JUNE 30, 2019

	Capital Improvements HB-33 31600	Capital Improvements SB-9 (State Match) 31700	Total
<i>Revenues:</i>			
Property taxes	\$ 299	\$ -	\$ 299
Oil and gas taxes	-	-	-
State grants	-	26,963	26,963
Federal grants	-	-	-
Miscellaneous	-	-	-
Charges for services	-	-	-
Investment income	-	-	-
<i>Total revenues</i>	<u>299</u>	<u>26,963</u>	<u>27,262</u>
<i>Expenditures:</i>			
<i>Current:</i>			
Instruction	-	-	-
Support services			
Students	-	-	-
Instruction	-	-	-
General administration	3	-	3
School administration	-	-	-
Central services	-	-	-
Operation & maintenance of plant	-	-	-
Student transportation	-	-	-
Other support services	-	-	-
Food services operations	-	-	-
Community services	-	-	-
Capital outlay	-	26,963	26,963
Debt service			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>3</u>	<u>26,963</u>	<u>26,966</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>296</u>	<u>-</u>	<u>296</u>
<i>Other financing sources (uses):</i>			
Proceeds from bond issues	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	296	-	296
<i>Fund balances - beginning of year</i>	<u>1,689</u>	<u>-</u>	<u>1,689</u>
<i>Fund balances - end of year</i>	<u>\$ 1,985</u>	<u>\$ -</u>	<u>\$ 1,985</u>

The accompanying notes are an integral part of these financial statements.

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## **COMPONENT UNITS**

**MORENO VALLEY HIGH SCHOOL**



**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**MORENO VALLEY HIGH SCHOOL (COMPONENT UNIT)**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

Statement E-1

	<u>Primary Government</u>	<u>Component Unit</u>	
	Governmental Activities	Moreno Valley Education Foundation	Total
<b>ASSETS</b>			
<i>Current assets:</i>			
Cash and cash equivalents	\$ 421,118	\$ 85,913	\$ 507,031
Receivables (net of allowance for uncollectibles)	32,208	-	32,208
<i>Total current assets</i>	<u>453,326</u>	<u>85,913</u>	<u>539,239</u>
<i>Noncurrent assets</i>			
Capital assets (net of accumulated depreciation):			
Land and land improvements	-	151,920	151,920
Furniture, fixtures and equipment	72,834	41,696	114,530
Less: accumulated depreciation	(72,834)	(41,696)	(114,530)
<i>Total noncurrent assets</i>	<u>-</u>	<u>151,920</u>	<u>151,920</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows - pensions	388,708	-	388,708
Deferred outflows - other post-employment benefits	8,575	-	8,575
<i>Total deferred outflows</i>	<u>397,283</u>	<u>-</u>	<u>397,283</u>
<i>Total assets and deferred outflows of resources</i>	<u>\$ 850,609</u>	<u>\$ 237,833</u>	<u>\$ 1,088,442</u>
<b>LIABILITIES</b>			
<i>Current liabilities:</i>			
Accounts payable	\$ 6,867	\$ -	\$ 6,867
Accrued payroll liabilities	8,477	-	8,477
<i>Total current liabilities</i>	<u>15,344</u>	<u>-</u>	<u>15,344</u>
<i>Noncurrent liabilities:</i>			
Net pension liability	1,574,412	-	1,574,412
Net other post-employment benefits liability	376,568	-	376,568
<i>Total noncurrent liabilities</i>	<u>1,950,980</u>	<u>-</u>	<u>1,950,980</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows - pensions	257,113	-	257,113
Deferred inflows - other post-employment benefits	148,252	-	148,252
<i>Total deferred inflows</i>	<u>405,365</u>	<u>-</u>	<u>405,365</u>
<b>NET POSITION</b>			
Invested in capital assets	-	151,920	151,920
Restricted for:			
Capital projects	278,286	-	278,286
Other purposes - special revenue	107,186	-	107,186
Unrestricted	(1,906,552)	85,913	(1,820,639)
<i>Total net position</i>	<u>(1,521,080)</u>	<u>237,833</u>	<u>(1,283,247)</u>
<i>Total liabilities, deferred inflows of resources, and net position</i>	<u>\$ 850,609</u>	<u>\$ 237,833</u>	<u>\$ 1,088,442</u>

The accompanying notes are an integral part of these financial statements.



**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**MORENO VALLEY HIGH SCHOOL (COMPONENT UNIT)**  
**BALANCE SHEET**  
**JUNE 30, 2019**

Statement E-3

	<b>Major Funds</b>				
	General Fund		Special Revenue	Capital Projects	
	Operational 11000	Instructional Materials 14000	Private Direct Grants 29102	Public School Capital Outlay 31200	Capital Improvements SB-9 (Local) 31701
<b>ASSETS</b>					
<i>Current assets:</i>					
Cash and temporary investments	\$ 53,493	\$ 4,421	\$ 107,186	\$ -	\$ 183,312
Accounts receivable					
Taxes	-	-	-	-	22,268
Due from other governments	-	-	-	9,940	-
Interfund receivables	9,940	-	-	-	-
<i>Total assets</i>	<u>\$ 63,433</u>	<u>\$ 4,421</u>	<u>\$ 107,186</u>	<u>\$ 9,940</u>	<u>\$ 205,580</u>
<b>LIABILITIES</b>					
<i>Current liabilities:</i>					
Accounts payable	\$ 6,867	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	8,477	-	-	-	-
Interfund payables	-	-	-	9,940	-
<i>Total liabilities</i>	<u>15,344</u>	<u>-</u>	<u>-</u>	<u>9,940</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues - property taxes	-	-	-	-	19,421
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,421</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted for:					
Transportation	-	-	-	-	-
Instructional materials	-	-	-	-	-
Grant mandates	-	-	5,705	-	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	37,761	4,421	101,481	-	186,159
Unassigned	10,328	-	-	-	-
<i>Total fund balances</i>	<u>48,089</u>	<u>4,421</u>	<u>107,186</u>	<u>-</u>	<u>186,159</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 63,433</u>	<u>\$ 4,421</u>	<u>\$ 107,186</u>	<u>\$ 9,940</u>	<u>\$ 205,580</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**MORENO VALLEY HIGH SCHOOL (COMPONENT UNIT)**  
**BALANCE SHEET**  
**JUNE 30, 2019**

Statement E-3

	<u>Major Funds</u>		<u>Non-major Funds</u>		
	<u>Capital Projects</u>		<u>Special Revenue</u>		
	Educational Technology Equipment Act 31900	Total Major Funds	IDEA-B Entitlement 24106	Total Non-major Funds	Total Governmental Activities
<b>ASSETS</b>					
<i>Current assets:</i>					
Cash and temporary investments	\$ 72,706	\$ 421,118	\$ -	\$ -	\$ 421,118
Accounts receivable					
Taxes	-	22,268	-	-	22,268
Due from other governments	-	9,940	-	-	9,940
Interfund receivables	-	9,940	-	-	9,940
<i>Total assets</i>	<u>\$ 72,706</u>	<u>\$ 463,266</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 463,266</u>
<b>LIABILITIES</b>					
<i>Current liabilities:</i>					
Accounts payable	\$ -	\$ 6,867	\$ -	\$ -	\$ 6,867
Accrued payroll liabilities	-	8,477	-	-	8,477
Interfund payables	-	9,940	-	-	9,940
<i>Total liabilities</i>	<u>-</u>	<u>25,284</u>	<u>-</u>	<u>-</u>	<u>25,284</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues - property taxes	-	19,421	-	-	19,421
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>19,421</u>	<u>-</u>	<u>-</u>	<u>19,421</u>
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted for:					
Transportation	-	-	-	-	-
Instructional materials	-	-	-	-	-
Grant mandates	-	5,705	-	-	5,705
Capital projects	72,706	72,706	-	-	72,706
Debt service	-	-	-	-	-
Assigned	-	329,822	-	-	329,822
Unassigned	-	10,328	-	-	10,328
<i>Total fund balances</i>	<u>72,706</u>	<u>418,561</u>	<u>-</u>	<u>-</u>	<u>418,561</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 72,706</u>	<u>\$ 463,266</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 463,266</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
 MORENO VALLEY HIGH SCHOOL (COMPONENT UNIT)  
 GOVERNMENTAL FUNDS  
 RECONCILIATION OF THE BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION  
 JUNE 30, 2019

Exhibit E-4

	Governmental Funds
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total fund balances - governmental funds	\$ 418,561
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
The cost of capital assets is	72,834
Accumulated depreciation is	(72,834)
Revenues not collected within sixty days after year-end are considered "available" revenues and are shown as deferred revenues on the balance sheet.	
Delinquent property taxes	19,421
Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in governmental funds.	
Deferred outflows of resources - pensions	388,708
Deferred outflows of resources - other post-employment benefits	8,575
Deferred inflows of resources - pensions	(257,113)
Deferred inflows of resources - other post-employment benefits	(148,252)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in governmental funds. Long-term and other liabilities at year-end consist of:	
Net pension liability	(1,574,412)
Net other post-employment benefits liability	(376,568)
Total net position - governmental activities	\$ (1,521,080)

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**MORENO VALLEY HIGH SCHOOL (COMPONENT UNIT)**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**JUNE 30, 2019**

	<b>Major Funds</b>				
	General Fund		Special Revenue	Capital Projects	
	Operational 11000	Instructional Materials 14000	Private Direct Grants 29102	Public School Capital Outlay 31200	Capital Improvements SB-9 (Local) 31701
<i>Revenues:</i>					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ 97,419
State grants	741,862	-	-	39,758	-
Federal grants	-	-	-	-	-
Miscellaneous	-	-	77,750	-	-
Charges for services	-	-	-	-	-
<i>Total revenues</i>	<u>741,862</u>	<u>-</u>	<u>77,750</u>	<u>39,758</u>	<u>97,419</u>
<i>Expenditures:</i>					
Current:					
Instruction	447,285	1,314	10,870	-	-
Support services					
Students	32,123	-	47,109	-	-
Instruction	-	-	-	-	-
General administration	170,959	-	-	-	982
School administration	-	-	-	-	-
Central services	-	-	-	-	-
Operation & maintenance of plant	120,317	-	-	-	-
Capital outlay	-	-	-	39,758	48,185
<i>Total expenditures</i>	<u>770,684</u>	<u>1,314</u>	<u>57,979</u>	<u>39,758</u>	<u>49,167</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(28,822)</u>	<u>(1,314)</u>	<u>19,771</u>	<u>-</u>	<u>48,252</u>
<i>Net changes in fund balances</i>	(28,822)	(1,314)	19,771	-	48,252
<i>Fund balances - beginning of year</i>	76,911	5,735	87,415	-	137,907
<i>Fund balances - end of year</i>	<u>\$ 48,089</u>	<u>\$ 4,421</u>	<u>\$ 107,186</u>	<u>\$ -</u>	<u>\$ 186,159</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**MORENO VALLEY HIGH SCHOOL (COMPONENT UNIT)**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**JUNE 30, 2019**

	<u>Major Funds</u>		<u>Non-major Funds</u>		
	<u>Capital Projects</u>		<u>Special Revenue</u>		
	Educational Technology Equipment Act 31900	Total Major Funds	IDEA-B Entitlement 24106	Total Non-major Funds	Total Governmental Activities
<i>Revenues:</i>					
Taxes:					
Property	\$ -	\$ 97,419	\$ -	\$ -	\$ 97,419
State grants	-	781,620	-	-	781,620
Federal grants	-	-	11,702	11,702	11,702
Miscellaneous	-	77,750	-	-	77,750
Charges for services	-	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>956,789</u>	<u>11,702</u>	<u>11,702</u>	<u>968,491</u>
<i>Expenditures:</i>					
Current:					
Instruction	-	459,469	11,702	11,702	471,171
Support services					
Students	-	79,232	-	-	79,232
Instruction	-	-	-	-	-
General administration	-	171,941	-	-	171,941
School administration	-	-	-	-	-
Central services	-	-	-	-	-
Operation & maintenance of plant	-	120,317	-	-	120,317
Capital outlay	25,798	113,741	-	-	113,741
<i>Total expenditures</i>	<u>25,798</u>	<u>944,700</u>	<u>11,702</u>	<u>11,702</u>	<u>956,402</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(25,798)</u>	<u>12,089</u>	<u>-</u>	<u>-</u>	<u>12,089</u>
<i>Net changes in fund balances</i>	(25,798)	12,089	-	-	12,089
<i>Fund balances - beginning of year</i>	<u>98,504</u>	<u>406,472</u>	<u>-</u>	<u>-</u>	<u>406,472</u>
<i>Fund balances - end of year</i>	<u>\$ 72,706</u>	<u>\$ 418,561</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 418,561</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**MORENO VALLEY HIGH SCHOOL (COMPONENT UNIT)**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Governmental Funds
Amounts reported for governmental activities in the Statement of Activities are different because:	
Net change in fund balances - total governmental funds	\$ 12,089
Revenues not collected within 60 days after the fiscal year-end are not considered available revenues in the governmental funds. They are considered revenues in the Statement of Activities. The increase (decrease) in revenues receivable for the year end were:	
Unavailable revenue related to the property taxes receivable	4,911
Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the pension benefits earned net of employee contributions is reported as pension expense.	
Difference between prior year pension contributions per entity and amount reported in the pension report	
Pension contributions - current year	59,595
Pension expense	(126,433)
Other post-employment benefits contributions - current year	8,575
Other post-employment benefits income	11,293
	11,293
Change in net position - total governmental activities	\$ (29,970)



**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**MORENO VALLEY HIGH SCHOOL (COMPONENT UNIT)**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**OPERATIONAL FUND (11000)**  
**FOR THE YEAR ENDING JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	682,929	741,862	741,862	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>682,929</u>	<u>741,862</u>	<u>741,862</u>	<u>-</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	440,930	460,555	444,367	16,188
Support services				
Students	25,000	32,300	32,123	177
Instruction	-	-	-	-
General administration	184,520	172,574	170,849	1,725
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	114,740	158,694	118,818	39,876
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>765,190</u>	<u>824,123</u>	<u>766,157</u>	<u>57,966</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(82,261)</u>	<u>(82,261)</u>	<u>(24,295)</u>	<u>57,966</u>
<i>Other financing sources (uses):</i>				
Designated cash	82,261	82,261	-	(82,261)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>82,261</u>	<u>82,261</u>	<u>-</u>	<u>(82,261)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(24,295)</u>	<u>(24,295)</u>
<i>Cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>87,784</u>	<u>87,784</u>
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>87,784</u>	<u>87,784</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,489</u>	<u>\$ 63,489</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ (24,295)	
Adjustments to revenues			-	
Adjustments to expenditures			(4,527)	
Net change in fund balance (GAAP basis)			<u>\$ (28,822)</u>	

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**MORENO VALLEY HIGH SCHOOL (COMPONENT UNIT)**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**INSTRUCTIONAL MATERIALS FUND (14000)**  
**FOR THE YEAR ENDING JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	1,799	1,799	-	(1,799)
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>1,799</u>	<u>1,799</u>	<u>-</u>	<u>(1,799)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	5,768	7,534	1,314	6,220
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>5,768</u>	<u>7,534</u>	<u>1,314</u>	<u>6,220</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(3,969)</u>	<u>(5,735)</u>	<u>(1,314)</u>	<u>4,421</u>
<i>Other financing sources (uses):</i>				
Designated cash	3,969	5,735	-	(5,735)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>3,969</u>	<u>5,735</u>	<u>-</u>	<u>(5,735)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(1,314)</u>	<u>(1,314)</u>
<i>Cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>5,735</u>	<u>5,735</u>
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>5,735</u>	<u>5,735</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,421</u>	<u>\$ 4,421</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ (1,314)	
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balance (GAAP basis)			<u>\$ (1,314)</u>	

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**MORENO VALLEY HIGH SCHOOL (COMPONENT UNIT)**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**PRIVATE DIRECT GRANTS SPECIAL REVENUE FUND (29102)**  
**FOR THE YEAR ENDING JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	-	-	-
Miscellaneous	-	77,750	77,750	-
Charges for services	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>77,750</u>	<u>77,750</u>	<u>-</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	28,246	104,874	10,870	94,004
Support services				
Students	60,291	60,291	47,109	13,182
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>88,537</u>	<u>165,165</u>	<u>57,979</u>	<u>107,186</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(88,537)</u>	<u>(87,415)</u>	<u>19,771</u>	<u>107,186</u>
<i>Other financing sources (uses):</i>				
Designated cash	88,537	87,415	-	(87,415)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>88,537</u>	<u>87,415</u>	<u>-</u>	<u>(87,415)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>19,771</u>	<u>19,771</u>
<i>Cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>87,415</u>	<u>87,415</u>
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>87,415</u>	<u>87,415</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,186</u>	<u>\$ 107,186</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ 19,771	
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balance (GAAP basis)			<u>\$ 19,771</u>	

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
MORENO VALLEY HIGH SCHOOL (COMPONENT UNIT)  
AGENCY FUNDS  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
JUNE 30, 2019

Statement E-10

	<u>Agency Funds</u>
<b>ASSETS</b>	
<i>Current Assets</i>	
Cash	\$ 41,693
<i>Total assets</i>	<u>\$ 41,693</u>
 <b>LIABILITIES</b>	
<i>Current Liabilities</i>	
Deposits held in trust for others	\$ 41,693
<i>Total liabilities</i>	<u>\$ 41,693</u>

The accompanying notes are an integral part of these financial statements.

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**MORENO VALLEY EDUCATION FOUNDATION**

**STATE OF NEW MEXICO**  
 CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
 MORENO VALLEY EDUCATION FOUNDATION (COMPONENT UNIT)  
 PROPRIETARY FUND  
 STATEMENT OF NET POSITION  
 JUNE 30, 2019

Statement F-1

	<b>Primary Government</b>
<b>Assets</b>	
<i>Current assets:</i>	
Cash and cash equivalents	\$ 85,913
<i>Total current assets</i>	85,913
<i>Noncurrent assets:</i>	
Land	151,920
Equipment	41,696
Less: accumulated depreciation	(41,696)
<i>Total noncurrent assets</i>	151,920
<i>Total assets</i>	\$ 237,833
<b>Net Position</b>	
Net investment in capital assets	\$ 151,920
Unrestricted	85,913
<i>Total net position</i>	237,833
<i>Total liabilities and net position</i>	\$ 237,833

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**MORENO VALLEY EDUCATION FOUNDATION (COMPONENT UNIT)**  
**PROPRIETARY FUND**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Statement F-2

	<u>Primary Government</u>
<b>Operating Revenues</b>	
Donations	\$ 891
<i>Total operating revenues</i>	<u>891</u>
<b>Operating Expenses</b>	
Insurance	980
Legal and professional	4,299
Miscellaneous	66
Athletic and Music Equipment	4,000
Life skills	800
Theatre festival	2,054
<i>Total operating expenses</i>	<u>12,199</u>
<b>Operating Income (Loss)</b>	(11,308)
Net position - beginning of year	<u>249,141</u>
<b>Net position, end of year</b>	<u><u>\$ 237,833</u></u>

The accompanying notes are an integral part of these financial statements.



**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**MORENO VALLEY EDUCATION FOUNDATION (COMPONENT UNIT)**  
**PROPRIETARY FUND**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Statement F-3

	<u><b>Primary Government</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from customers	\$ 891
Cash payments to vendors for goods and services	<u>(12,199)</u>
Net cash provided by (used in) operating activities	<u>(11,308)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(11,308)
<b>Cash and cash equivalents, beginning of period</b>	<u>97,221</u>
<b>Cash and cash equivalents, end of period</b>	<u><u>\$ 85,913</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income (loss)	\$ (11,308)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities	<u>-</u>
Net cash provided by (used in) operating activities	<u><u>\$ (11,308)</u></u>
Supplemental disclosure cash flow information:	
Cash paid for interest	<u><u>\$ -</u></u>
Cash paid for income tax	<u><u>\$ -</u></u>

The accompanying notes are an integral part of these financial statements.

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**OTHER SUPPLEMENTAL INFORMATION**

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**AGENCY FUNDS**  
**SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDING JUNE 30, 2019**

Schedule V

**Primary Government**

Activity Fund	Description	Balance June 30, 2018	Additions	Deletions	Adjustments	Balance June 30, 2019
<b>ASSETS</b>						
202	Masonic Scholarship	\$ 9,386	\$ 1,469	\$ 68	\$ -	10,787
400	Annual Yearbook	582	965	917	-	630
401	Administration	1,478	2,479	172	-	3,785
402	High School Art	1,652	-	-	-	1,652
403	Booster Club	25,572	32,943	36,494	-	22,021
404	Cardwell Scholarship Fund	36,496	10,601	-	-	47,097
405	Juan Martinez Scholarship	20,089	562	2,000	-	18,651
406	CHS Cheerleaders	540	-	-	-	540
407	High School Photography	2,676	3,761	3,613	-	2,824
408	Elementary MOP	2,663	786	355	-	3,094
409	Elementary Yearbook	1,288	550	890	-	948
410	Elementary Principal	1,080	3,787	3,507	-	1,360
411	Elementary Art	26	416	293	-	149
412	PeeWee Basketball	5	-	-	-	5
413	Elementary Athletics	66	-	-	-	66
415	Class of 2012	1	-	-	-	1
416	District Nurse	1,842	500	277	-	2,065
417	Class of 2020	4,812	2,545	2,399	-	4,958
419	Class of 2011	137	3,603	1,560	-	2,180
420	Class of 2013	147	-	-	-	147
421	Activities Bank Acct	1,774	4,010	4,959	-	825
424	CMS Student Council	179	609	118	-	670
425	CMS 8th Grade Dance	68	225	78	-	215
426	ENEMS Principal	6,744	5,642	1,946	-	10,440
427	MS Admin	143	-	63	-	80
428	MS Barn Fund	7,648	12,770	1,710	-	18,708
429	EN Aquaphonics	35	-	-	-	35
430	MS Art	13	696	453	-	256
431	MS Yearbook	2,290	942	1,340	-	1,892
432	EN Vocational ED	42	-	40	-	2
433	Trails End Ranch	1,000	100	-	-	1,100
434	MS Student Council	1,183	825	300	-	1,708
435	EN PBIS Committee	422	557	459	-	520
436	Snow Industries	-	200	-	-	200
440	HS Principal	1,372	1,822	1,399	-	1,795
442	HS Student Council	483	-	152	-	331
445	HS Teachers	472	-	-	-	472
446	Band-Music	6,143	18,959	15,630	-	9,472
448	Ski Club	-	649	622	-	27
449	HS Exploratory	739	8,407	8,579	-	567
450	HS National Honor Society	553	-	255	-	298
451	Ram's Horn	1	-	-	-	1
452	RHOR	473	-	-	-	473
454	CHS Shop	5,908	934	-	-	6,842
456	CHS Drama	346	2,692	1,743	-	1,295
457	CHS Snack Pantry	87	-	-	-	87
458	Elementary VIP's	1,859	339	2,198	-	-
460	Zane Scholarship	12,769	282	-	-	13,051
461	100 Years of Excellence	253	-	-	-	253
463	ENEMS Library	770	25	-	-	795
464	ENEMS K-2 Teachers	3,570	3,554	3,905	-	3,219
465	ENEMS 3-4 Teachers	6,212	11,922	8,580	-	9,554
470	MS FCA	2,130	-	-	-	2,130

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**AGENCY FUNDS**  
**SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDING JUNE 30, 2019**

Schedule V

**Primary Government**

Activity Fund	Description	Balance June 30, 2018	Additions	Deletions	Adjustments	Balance June 30, 2019
471	EN Century Link Grant	3,500	-	3,295	-	205
479	HS Graphic Art	215	-	-	-	215
482	CHS Broadcast	396	-	-	-	396
483	Culinary Arts	7,412	35	638	-	6,809
485	ENEMS Beta Club	1,796	-	-	-	1,796
486	District Sams Rewards	102	-	-	-	102
487	WERC Environmental Design	231	-	-	-	231
488	District Athletics	-	3,776	-	-	3,776
		<u>\$ 189,871</u>	<u>\$ 144,939</u>	<u>\$ 111,007</u>	<u>\$ -</u>	<u>\$ 223,803</u>

**LIABILITIES**

Deposits held for others		<u>\$ 189,871</u>	<u>\$ 144,939</u>	<u>\$ 111,007</u>	<u>\$ -</u>	<u>\$ 223,803</u>
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The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**AGENCY FUNDS**  
**SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDING JUNE 30, 2019**

Schedule V

**Component Unit: MVHS**

Activity Fund	Description	Balance June 30, 2018	Additions	Deletions	Adjustments	Balance June 30, 2019
<b>ASSETS</b>						
400	Drama	\$ 786	\$ 6,607	\$ 6,642	\$ 1	\$ 752
401	UAV	1	-	-	(1)	-
402	Booster Club	-	7,530	179	-	7,351
403	Band	840	-	-	-	840
404	Fundraiser	41	-	-	-	41
405	Recycling/Green	29	-	-	-	29
407	Yearbook	2,131	229	-	-	2,360
408	Ski/Snowboard	354	-	-	-	354
409	Grants	1,408	-	-	-	1,408
411	Art	233	515	361	-	387
412	Math	239	1,500	743	-	996
413	BVEF	4,098	8,240	5,059	-	7,279
414	Soccer	2,728	7,114	5,994	-	3,848
415	PE	1,333	-	-	-	1,333
416	Greenhouse	64	-	-	-	64
417	Class of 2017	1,947	1,104	2,427	-	624
418	Golf	-	11,310	-	-	11,310
419	Scholarships	180	-	-	-	180
420	Student Council	34	61	-	-	95
421	Interact Club	1,941	722	649	-	2,014
422	Kitchen	12	-	-	-	12
423	Technology	416	-	-	-	416
424	National Honor Society	385	-	385	-	-
		<u>\$ 19,200</u>	<u>\$ 44,932</u>	<u>\$ 22,439</u>	<u>\$ -</u>	<u>\$ 41,693</u>
<b>LIABILITIES</b>						
	Deposits held for others	<u>\$ 19,200</u>	<u>\$ 44,932</u>	<u>\$ 22,439</u>	<u>\$ -</u>	<u>\$ 41,693</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**SCHEDULE OF PLEDGED COLLATERAL**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Schedule VI

**Primary Government**

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity Date</u>	<u>CUSIP Number</u>	<u>Fair Market Value June 30, 2019</u>
<b>IN Bank</b>				
	FNMA	11/1/2037	31418CRG1	\$ 2,080,221
Total Wells Fargo Bank				<u>\$ 2,080,221</u>

The securities are held, not in the District's name, at:  
 Bankers Bank of the West  
 1099 8th Street  
 Denver, Colorado 80202

**Component Unit: MVHS**

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity Date</u>	<u>CUSIP Number</u>	<u>Fair Market Value June 30, 2019</u>
<b>International Bank</b>	FNMA Pool	10/1/2047	3140H2AP3	\$ 238,327
Total International Bank				<u>\$ 238,327</u>

The securities are held, not in the School's name, at:  
 Bankers Bank of the West  
 1099 8th Street  
 Denver, Colorado 80202

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS**  
**JUNE 30, 2019**

Schedule VII

**Primary Government**

Bank Name/Account Type	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks/Wires	Other Adjustments	Book Balance
<b>International Bank</b>						
Operational/Capital Projects	Checking	\$ 72,555	\$ -	\$ (541,044)	\$ 182,544	\$ (285,945)
Special Investment Account	Checking	2,944,704	-	-	-	2,944,704
Certificate of Deposit	CD	612,649	-	-	-	612,649
Activity Fund	Checking	164,550	-	(249)	-	164,301
Zane CD	CD	12,445	-	-	-	12,445
<b>Total International Bank</b>		<u>\$ 3,806,903</u>	<u>\$ -</u>	<u>\$ (541,293)</u>	<u>\$ 182,544</u>	<u>\$ 3,448,154</u>
<b>New Mexico Finance Authority</b>						
Capital Project #1	Trust	\$ 366,954	\$ -	\$ -	\$ -	\$ 366,954
Capital Project #2	Trust	80,223	-	-	-	80,223
<b>Total New Mexico Finance Authority</b>		<u>\$ 447,177</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 447,177</u>
<b>Manhattan Life Insurance Company</b>						
Scholarship Fund	Annuity	\$ 8,729	\$ -	\$ -	\$ -	\$ 8,729
Scholarship Fund	Annuity	18,733	-	-	-	18,733
Scholarship Fund	Annuity	9,841	-	-	-	9,841
Scholarship Fund	Annuity	9,754	-	-	-	9,754
<b>Total Manhattan Life Insurance Company</b>		<u>\$ 47,057</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,057</u>
<b>Total</b>		<u><u>\$ 4,301,137</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (541,293)</u></u>	<u><u>\$ 182,544</u></u>	<u><u>\$ 3,942,388</u></u>
<b>Cash per financial statements</b>						
Cash and cash equivalents - Government Activities Exhibit A-1						\$ 3,718,585
Fiduciary funds - Exhibit D-1						<u>223,803</u>
						<u><u>\$ 3,942,388</u></u>

The accompanying notes are an integral part of these financial statements.



**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS**  
**JUNE 30, 2019**

Schedule VII

**Component Unit: MVHS**

Bank Name/Account Type	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Other Adjustments	Book Balance
<b>International Bank</b>						
Operational	Checking	\$ 471,591	\$ -	\$ (35,421)	\$ (15,052)	\$ 421,118
<b>Washington Federal</b>						
Activity	Checking	\$ 41,692	\$ -	\$ -	\$ 1	\$ 41,693
Total		<u>\$ 513,283</u>	<u>\$ -</u>	<u>\$ (35,421)</u>	<u>\$ (15,051)</u>	<u>\$ 462,811</u>
Cash per financial statements						
Cash and cash equivalents - Government Activities Statement E-1						\$ 421,118
Fiduciary funds - Statement E-10						41,693
						<u>\$ 462,811</u>

**Component Unit: MVEF**

Bank Name/Account Type	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Other Adjustments	Book Balance
<b>International Bank</b>						
Operating Account	Checking	\$ 85,913	\$ -	\$ -	\$ -	\$ 85,913
Total International Bank		<u>\$ 85,913</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,913</u>
Cash per financial statements						
Cash and cash equivalents - Statement of Net Position Statement F-1						<u>\$ 85,913</u>

The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**SCHEDULE OF CASH RECONCILIATIONS**  
**JUNE 30, 2019**

Schedule VIII

**Primary Government**

	Operational 11000	Transportation 13000	Instructional Materials 14000	Food Services 21000	Athletics 22000
Cash, June 30, 2018	\$ 450,220	\$ 9,513	\$ 42,042	\$ 50,440	\$ 21,379
Add:					
Current year revenues	4,474,785	413,235	12,964	215,374	14,443
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans from other funds	-	-	-	-	-
Total cash available	4,925,005	422,748	55,006	265,814	35,822
Less:					
Current year expenditures	(4,507,012)	(417,196)	(9,166)	(233,132)	(8,105)
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans to other funds	(166,284)	-	-	-	-
Cash, June 30, 2019	<u>\$ 251,709</u>	<u>\$ 5,552</u>	<u>\$ 45,840</u>	<u>\$ 32,682</u>	<u>\$ 27,717</u>

**Component Unit - MVHS**

	Operational 11000	Transportation 13000	Instructional Materials 14000	Food Services 21000	Athletics 22000
Cash, June 30, 2018	\$ 87,784	\$ -	\$ 5,735	\$ -	\$ -
Add:					
Current year revenues	741,862	-	-	-	-
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans from other funds	-	-	-	-	-
Total cash available	829,646	-	5,735	-	-
Less:					
Current year expenditures	(766,213)	-	(1,314)	-	-
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans to other funds	(9,940)	-	-	-	-
Cash, June 30, 2019	<u>\$ 53,493</u>	<u>\$ -</u>	<u>\$ 4,421</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**SCHEDULE OF CASH RECONCILIATIONS**  
**JUNE 30, 2019**

Schedule VIII

**Primary Government**

	Federal Flowthrough 24000	Federal Direct 25000	Local Grants 26000	State Flowthrough 27000	Local / State 29000
Cash, June 30, 2018	\$ (35,520)	\$ 6,637	\$ 17,644	\$ (6,319)	\$ 41,853
Add:					
Current year revenues	248,943	90,581	18,000	66,381	39,000
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans from other funds	120,852	-	-	18,469	-
Total cash available	334,275	97,218	35,644	78,531	80,853
Less:					
Current year expenditures	(305,255)	(96,075)	(17,670)	(74,815)	(16,013)
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans to other funds	-	-	-	-	-
Cash, June 30, 2019	<u>\$ 29,020</u>	<u>\$ 1,143</u>	<u>\$ 17,974</u>	<u>\$ 3,716</u>	<u>\$ 64,840</u>

**Component Unit - MVHS**

	Federal Flowthrough 24000	Federal Direct 25000	Local Grants 26000	State Flowthrough 27000	Local / State 29000
Cash, June 30, 2018	\$ -	\$ -	\$ -	\$ -	\$ 87,415
Add:					
Current year revenues	11,702	-	-	-	77,750
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans from other funds	-	-	-	-	-
Total cash available	11,702	-	-	-	165,165
Less:					
Current year expenditures	(11,702)	-	-	-	(57,979)
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans to other funds	-	-	-	-	-
Cash, June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 107,186</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**SCHEDULE OF CASH RECONCILIATIONS**  
**JUNE 30, 2019**

Schedule VIII

**Primary Government**

	Bond Building 31100	Public School Capital Outlay 31200	Capital Improvements HB-33 31600	Capital Improvements SB-9 - State 31700	Capital Improvements SB-9 - Local 31701
Cash, June 30, 2018	\$ 1,364,955	\$ -	\$ 1,677	\$ -	\$ 1,452,888
Add:					
Current year revenues	2,741	-	311	-	759,245
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans from other funds	-	-	-	26,963	-
Total cash available	1,367,696	-	1,988	26,963	2,212,133
Less:					
Current year expenditures	(1,367,696)	-	(3)	(26,963)	(1,247,420)
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans to other funds	-	-	-	-	-
Cash, June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,985</u>	<u>\$ -</u>	<u>\$ 964,713</u>

**Component Unit - MVHS**

	Bond Building 31100	Public School Capital Outlay 31200	Capital Improvements HB-33 31600	Capital Improvements SB-9 - State 31700	Capital Improvements SB-9 - Local 31701
Cash, June 30, 2018	\$ -	\$ -	\$ -	\$ -	\$ 134,285
Add:					
Current year revenues	-	29,818	-	-	98,194
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans from other funds	-	9,940	-	-	-
Total cash available	-	39,758	-	-	232,479
Less:					
Current year expenditures	-	(39,758)	-	-	(49,167)
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans to other funds	-	-	-	-	-
Cash, June 30, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 183,312</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**SCHEDULE OF CASH RECONCILIATIONS**  
**JUNE 30, 2019**

Schedule VIII

**Primary Government**

	Educational Tech Equip 31900	Debt Service 41000	Education Technology Debt Service 43000	Total
Cash, June 30, 2018	\$ 954,716	\$ 669,413	\$ 388,711	\$ 5,430,249
Add:				
Current year revenues	512,038	520,473	536,157	7,924,671
Permanent cash transfers	-	-	-	-
Prior period adjustment	-	-	-	-
Loans from other funds	-	-	-	166,284
Total cash available	1,466,754	1,189,886	924,868	13,521,204
Less:				
Current year expenditures	(341,288)	(664,027)	(304,499)	(9,636,335)
Permanent cash transfers	-	-	-	-
Prior period adjustment	-	-	-	-
Loans to other funds	-	-	-	(166,284)
Cash, June 30, 2019	<u>\$ 1,125,466</u>	<u>\$ 525,859</u>	<u>\$ 620,369</u>	<u>\$ 3,718,585</u>

**Component Unit - MVHS**

	Educational Tech Equip 31900	Debt Service 41000	Education Technology Debt Service 43000	Total
Cash, June 30, 2018	\$ 98,504	\$ -	\$ -	\$ 413,723
Add:				
Current year revenues	-	-	-	959,326
Permanent cash transfers	-	-	-	-
Prior period adjustment	-	-	-	-
Loans from other funds	-	-	-	9,940
Total cash available	98,504	-	-	1,382,989
Less:				
Current year expenditures	(25,798)	-	-	(951,931)
Permanent cash transfers	-	-	-	-
Prior period adjustment	-	-	-	-
Loans to other funds	-	-	-	(9,940)
Cash, June 30, 2019	<u>\$ 72,706</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 421,118</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
SCHEDULE OF JOINT POWERS AGREEMENTS  
JUNE 30, 2019

Schedule IX

Title: Regional Education Cooperative Joint Powers Agreement

Participants: Cimarron Municipal School District No. 3 and High Plains Regional Education Center #3

Responsible Party: High Plains Regional Education Cooperative #3's Governing Council

Description: The parties have agreed to form a Regional Education Cooperative to participate in cooperative programs relating to education related services, provide professional services to the districts, and provide other optional services as needed.

Dates of Operation: August 24, 2012 until either party gives Notice of Intent to Terminate pursuant to the agreement.

Projected Cost: None

Audit Responsibility: High Plains Regional Education Cooperative #3

Fiscal Agent: High Plains Regional Education Cooperative #3

Reporting Agency: High Plains Regional Education Cooperative #3

The accompanying notes are an integral part of these financial statements.

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**COMPLIANCE SECTION**





# Manning Accounting and Consulting Services, LLC

## 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 AUDITOR'S REPORT

Brian Colón  
New Mexico State Auditor  
The Office of Management and Budget  
And the Board of Education of  
Cimarron Municipal School District No. 3  
Cimarron, NM

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund of Cimarron Municipal School District No. 3 (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 23, 2019.

#### **Internal Control over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as item MVHS FS 2017-002 that we consider to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items NM 2017-001, NM 2018-001, NM 2019-001, NM 2019-002, MVHS NM 2018-001, and MVHS NM 2019-001.

### **Response to Findings**

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

### **Purpose of this Report**

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

Manning Accounting and Consulting Services, LLC

Manning Accounting and Consulting Services, LLC

Kirtland, New Mexico

October 23, 2019

**STATE OF NEW MEXICO**  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

**Section I – Summary of Audit Results**

*Financial Statements:*

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

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

**Section II – Financial Statement Findings – Moreno Valley High School**

**MVHS FS 2017-002 – Purchase Orders Payment Authorization and Receiving (Significant Deficiency) Repeated and Revised**

*Criteria:* Per the New Mexico Manual of Procedures for Public School Accounting and Budgeting, Supplement 13 – Purchasing, “**the preparation and execution of a duly authorized purchase order must precede the placement of any order for goods, services, or construction....For each individual purchase contract, a receiving document or other recording instrument (i.e., electronic) shall be present at the delivery site to record the delivery of items or service. Upon verifying and recording the receipt of all the items or services ordered, the receiving document or recording instrument shall be manually or electronically signed by authorized receiving personnel and processed for payment according to procedures established by school district or charter school boards’ of education local procedures.**”

**13-1-157 NMSA 1978 Receipt; inspection; acceptance or rejection of deliveries.**

The using agency is responsible for inspecting and accepting or rejecting deliveries. **The using agency shall determine whether the quantity is as specified in the purchase order or contract and whether the quality conforms to the specifications referred to or included in the purchase order or contract. If inspection reveals that the delivery does not conform to the quantity or quality specified in the purchase order or contract, the using agency shall immediately notify the central purchasing office. The central purchasing office shall notify the vendor that the delivery has been rejected and shall order the vendor to promptly make a satisfactory replacement or supplementary delivery.** In case the vendor fails to comply, the central purchasing office shall have no obligation to pay for the nonconforming items of tangible personal property. If the delivery does conform to the quantity and quality specified in the purchase order or contract, the using agency shall certify to the central purchasing office that delivery has been completed and is satisfactory.

Additionally, 13-1-158 NMSA 1978 states:

A. **No warrant, check or other negotiable instrument shall be issued in payment for any purchase of services, construction or items of tangible personal property unless the central purchasing office or the using agency certifies that the services, construction or items of tangible personal property have been received and meet specifications** or unless prepayment is permitted under Section 13-1-98 NMSA 1978 by exclusion of the purchase from the Procurement Code [13-1-28 through 13-1-199 NMSA 1978].

B. Unless otherwise agreed upon by the parties or unless otherwise specified in the invitation for bids, request for proposals or other solicitation, within fifteen days from the date the central purchasing office or using agency receives written notice from the contractor that payment is requested for services or construction completed or items of tangible personal property delivered on site and received, the central purchasing office or using agency shall issue a written certification of complete or partial acceptance or rejection of the services, construction or items of tangible personal property.

C. **Except as provided in Subsection D of this section, upon certification by the central purchasing office or the using agency that the services, construction or items of tangible personal property have been received and accepted, payment shall be tendered to the contractor within thirty days of the date of certification.** If payment is made by mail, the payment shall be deemed tendered on the date it is postmarked. After the thirtieth day from the date that written certification of acceptance is issued, late payment charges shall be paid on the unpaid balance due on the contract to the contractor at the rate of one and one-half percent per month. For purchases funded by state or federal grants to local public bodies, if the local public body has not received the funds from the federal or state funding agency, payments shall be tendered to the contractor within five working days of receipt of funds from that funding agency.

**STATE OF NEW MEXICO**  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

**Section II – Financial Statement Findings (Continued)**

**MVHS FS 2017-002 – Purchase Orders Payment Authorization and Receiving (Significant Deficiency) Repeated and Revised (Continued)**

**Condition:** During our review of cash disbursements we noted the following instances in which proper procedures were not followed:

- In 8 of 25 items reviewed there was no receiving documentation to verify who received the goods and or service and when they were received. The value of these goods ranged from \$38.00 \$1,357.45
- In 2 of 25 items reviewed the purchase of goods or services was incurred prior to the approval of a purchase order.
  - A purchase of \$192.05 was invoiced on 12/5/18 the purchase order was approved on 12/11/18
  - A purchase of \$92.18 was invoiced on 2/6/19 the purchase order was approved 2/14/19
- In 1 of 25 items reviewed there was not an itemized receipt for a purchase of \$44.00

In the prior year's audit, there were 10 instances where there was no receiving documentation, in 4 instances purchases were made prior to the approval of a purchase order, in 1 instance the invoice and check amount did not agree, and in 1 instance there was not 3 quotes for a purchase greater than \$10,000.

During our review of individually significant items we noted the following instances in which proper procedures were not followed:

- In 1 of 31 items tested the goods and or services were received prior to the authorization of a purchase order
  - A purchase of \$4,000 was invoiced 8/14/18 the purchase order was approved 9/13/18
- In 7 of 31 items tested there was no receiving documentation to verify who received the goods and services and when they were received. The value of these purchases ranged from \$2,714.90 to \$4,378.35.

In the previous year's audit, there were 5 instances where the purchase of goods happened before the purchase order was authorized, in 5 instances there was no receiving documentation, in 2 instance the school did not get 3 quotes, and the charter did not make its NMPSIA payment on time.

During our review of activity disbursements, we noted the following instances in which proper procedures were not followed:

- In 6 of 11 items tested there was no receiving documentation to verify goods and or services were received. The value of these purchases ranged from \$23.62 to \$1,240.20
- In 5 of 11 items tested the goods and or services were received prior to the authorization of a purchase order.
  - A purchase of \$23.62 was made on 9/5/18 the purchase order was approved on 9/21/18
  - A purchase of \$118.70 was made on 9/21/18 the purchase order was approved on 10/3/18
  - A purchase of \$1,240.20 was made on 10/17/18 the purchase order was approved on 10/18/18
  - A purchase of \$63.32 was made on 10/26/18 the purchase order was approved on 11/8/18
  - A purchase of \$68.13 was made on 4/20/19 the purchase order was approved on 4/24/19

In the previous year's audit, there were 5 instances where the purchase of goods happened before the purchase order was authorized, in 5 instances there was no receiving documentation, in 2 instance the school did not get 3 quotes, and the charter did not make its NMPSIA payment on time.

Overall, while the total issues identified stayed about the same, the number of exceptions over the second half of the year reduced significantly. Once the Charter obtained guidance from the previous audit, they instituted those changes and made improvements in their procedures.

**STATE OF NEW MEXICO**  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

**Section II – Financial Statement Findings (Continued)**

**MVHS FS 2017-002 – Purchase Orders Payment Authorization and Receiving (Significant Deficiency) Repeated and Revised (Continued)**

*Cause:* School personnel have not followed State guidelines or internal procedures in the payment of services. State and School policy clearly states that the School must have a signed purchase order in place prior to ordering goods and or services and that there is a receiving document to verify goods and services are received. Additionally, the School requires 3 quotes for purchases over \$10,000.

*Effect:* Internal control over expenditures and the ability of responsible parties to appropriately monitor budgets for which they bear responsibility may be compromised. Not being in compliance with these requirements places the School and the Council at risk for fraud or misuse of public funds

*Auditor's Recommendation:* We recommend that all personnel be reminded of, or trained in, School and State policy in regards to payment of goods, services, or construction. All School personnel need to be aware that a purchase order must be approved prior to the purchase of goods and services and that all goods and services should be signed for indicating when items were received and by whom.

*Responsible official's view:*

- Specific corrective action plan for finding:

**Checks with no receiving documentation: Training has been conducted at beginning of school year with staff that all items must be signed off on when received.**

**Purchases before PO: Training has been conducted at beginning of school year with staff so there is a clear understanding of the process and time line requirements.**

- Timeline for completion of corrective action plan:

**Beginning of school year.**

- Employee position(s) responsible for meeting the timeline:

**Executive Assistant/Procurement Officer**

**STATE OF NEW MEXICO**  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

**Section III – Federal Award Findings**

There were no findings required to be reported relating to federal awards.

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

**Section IV – Section 12-6-5 NMSA 1978 Findings – Cimarron Municipal Schools**

**NM 2017-001 – Purchase Orders Payment Authorization and Receiving (Other Non-compliance) Repeated and Revised**

**Criteria:** Per the New Mexico Manual of Procedures for Public School Accounting and Budgeting, Supplement 13 – Purchasing, “**the preparation and execution of a duly authorized purchase order must precede the placement of any order for goods, services, or construction.....For each individual purchase contract, a receiving document or other recording instrument (i.e., electronic) shall be present at the delivery site to record the delivery of items or service. Upon verifying and recording the receipt of all the items or services ordered, the receiving document or recording instrument shall be manually or electronically signed by authorized receiving personnel and processed for payment according to procedures established by school district or charter school boards’ of education local procedures.**”

**13-1-157 NMSA 1978 Receipt; inspection; acceptance or rejection of deliveries.**

The using agency is responsible for inspecting and accepting or rejecting deliveries. The using agency shall determine whether the quantity is as specified in the purchase order or contract and whether the quality conforms to the specifications referred to or included in the purchase order or contract. If inspection reveals that the delivery does not conform to the quantity or quality specified in the purchase order or contract, the using agency shall immediately notify the central purchasing office. The central purchasing office shall notify the vendor that the delivery has been rejected and shall order the vendor to promptly make a satisfactory replacement or supplementary delivery. In case the vendor fails to comply, the central purchasing office shall have no obligation to pay for the nonconforming items of tangible personal property. If the delivery does conform to the quantity and quality specified in the purchase order or contract, the using agency shall certify to the central purchasing office that delivery has been completed and is satisfactory.

Additionally, [13-1-158 NMSA 1978](#) states:

“**No warrant, check or other negotiable instrument shall be issued in payment for any purchase of services, construction or items of tangible personal property unless the central purchasing office or the using agency certifies that the services, construction or items of tangible personal property have been received and meet specifications or unless prepayment is permitted under [Section 13-1-98](#) NMSA 1978 by exclusion of the purchase from the Procurement Code [ [13-1-28](#) NMSA 1978].**”

**Condition:** During our review of disbursements we noted the following instances in which proper procedures were not followed:

- In 3 of 25 items tested there was no receiving documentation to verify who received the goods and services and when. The purchases of these goods and or services ranged from \$1,171.13 to \$6,600.
- In 1 of 25 items tested the payment was not issued within 30 days of receiving a valid invoice for goods or services received. The invoice was received in early May but was not paid until late July.

In the previous year’s audit there were 4 instances in which a purchase order was not in the file prior to the purchase of goods and or service, 9 instances in which there was no receiving documentation, 1 instance in which there was no invoice in file, one instance in which there was no purchase order in the file, one instance in which the invoice and payment did not match, and one instance in which the purchase was greater than the authorized purchase order amount.

During our review of individually significant items we noted the following instances in which proper procedures were not followed:

- In 1 of 54 items tested goods and or services were purchased prior to the approval of a valid purchase order.
  - \$13,289.95 was invoiced on 12/28/18 and purchase order was approved on 1/30/19
- In 8 of 54 items tested there was no indication 3 quotes were obtained. District policy requires 3 quotes for purchase greater than \$5,000. These purchases ranged from \$14,000 to \$30,000.



**STATE OF NEW MEXICO**  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

**Section IV – Section 12-6-5 NMSA 1978 Findings – Cimarron Municipal Schools (Continued)**

**NM 2017-001 – Purchase Orders Payment Authorization and Receiving (Other Non-Compliance)**  
**Repeated and Revised (Continued)**

- In 22 of 54 items tested there was no receiving documentation in the file. The value of these purchases ranged from \$13,289.95 to \$427,485.53.
- In 1 of 54 items tested the invoice and payment amount do not agree. The invoices in the file totaled \$18,758.84 but payment was made in the amount of \$19,102.53. It appears an invoice was listed in the amount of \$5,043.69 but payment amount was \$5,387.38.
- In 1 of 54 items tested the purchase amount was greater than the authorized purchase order. The purchase amount was \$19,466.24 the purchase order was authorized for up to \$18,817.

In the previous year's audit there were 19 instances in which there was no receiving documentation in the file, 1 instance where 3 quotes were not obtained, and 1 instance where goods or services were purchased prior to the approval of a valid purchase order.

During our review of activity disbursements we noted the following instances in which proper procedures were not followed:

- In 2 of 25 items reviewed the invoice was received prior to the authorization of the purchase order.
  - An invoice for \$100 was received on 11/7/18 the purchase order was approved on 11/8/18
  - An invoice for \$2,296.96 was received on 2/23/19 the purchase order was approved on 3/1/19
- In 1 of 25 items reviewed there was no invoice for a purchase or \$23.00
- In 3 of 25 items reviewed there was no receiving documentation for purchases. The value of these purchases ranged from \$135.37 to \$1,200.

In the previous year's audit there was one instance where a purchase order was not in place prior to the purchase of goods and or services.

During our review of credit card disbursements we noted the following instances in which proper procedures were not followed:

- In 4 of 9 items reviewed there were missing fuel receipts and there was no missing receipt affidavit.

Overall, the District the District did not make any progress on improvement with regards to purchase orders and receiving documentation.

**Cause:** District personnel have not followed state guidelines or internal procedures in the payment of services. Policy clearly states that the District must have a signed purchase order in place prior to receiving goods and or services and that there is a receiving document to verify goods and services are received. District policy also requires quotes to be obtained for purchases greater than \$5,000.

**Effect:** Internal control over expenditures and the ability of responsible parties to appropriately monitor budgets for which they bear responsibility may be compromised. Not being in compliance with these requirements places the District and the Board at risk for fraud or misuse of public funds

**Auditor's Recommendation:** We recommend that all personnel be reminded of, or trained in, District and state policy in regards to payment of goods, services, or construction. All District personnel need to be aware that a purchase order must be approved prior to the purchase of goods and services and that all goods and services should be signed for indicating when items were received and by whom.

**STATE OF NEW MEXICO**  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

**Section IV – Section 12-6-5 NMSA 1978 Findings – Cimarron Municipal Schools (Continued)**

**NM 2017-001 – Purchase Orders Payment Authorization and Receiving (Other Non-compliance) Repeated and Revised (Continued)**

*Responsible official's view:*

- Specific corrective action plan for finding:

**Continue Training with Accounts Payable and secretaries to try to clean up procedures.**

- Timeline for completion of corrective action plan:

**Immediately**

- Employee position(s) responsible for meeting the timeline:

**Business Manager and Accounts Payable**

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

**Section IV – Section 12-6-5 NMSA 1978 Findings – Cimarron Municipal Schools (Continued)**

**NM 2018-001 – Improper Reimbursement of Travel Expense (Other Non-compliance)**

***Criteria: 2.42.2.9 NMAC 1978: REIMBURSEMENT OF ACTUAL EXPENSES IN LIEU OF PER DIEM RATES:***

A. **Applicability:** Upon written request of a public officer or an employee, agency heads may grant written approval for a public officer or employee of that agency or local public body to be reimbursed actual expenses in lieu of the per diem rate where overnight travel is required.

B. **Overnight travel:** For overnight travel for state officers and employees where overnight lodging is required, the public officer or employee will be reimbursed as follows:

(1) **Actual reimbursement for lodging:** A public officer or an employee may elect to be reimbursed actual expenses for lodging not exceeding the single occupancy room charge (including tax) in lieu of the per diem rate set forth in this Section. Whenever possible, public officers and employees should stay in hotels which offer government rates. Agencies, public officers or employees who incur lodging expenses in excess of \$215.00 per night must obtain the signature of the agency head or chairperson of the governing board on the travel voucher prior to requesting reimbursement and on the encumbering document at the time of encumbering the expenditure.

(2) **Actual reimbursement for meals: Actual expenses for meals are limited by Section 10-8-4(K)(2) NMSA 1978 (1995 Repl. Pamp.) to a maximum of \$30.00 for in-state travel and \$45.00 for out-of-state travel for a 24-hour period.**

(3) **Receipts required:** The public officer or employee must submit receipts for the actual meal and lodging expenses incurred. Under circumstances where the loss of receipts would create a hardship, an affidavit from the officer or employee attesting to the expenses may be substituted for actual receipts. The affidavit must accompany the travel voucher and include the signature of the agency head or governing board. See Appendix B for a sample affidavit.

C. **Return from overnight travel: On the last day of travel when overnight lodging is no longer required, partial day reimbursement shall be made. To calculate the number of hours in the partial day, begin with the time the traveler initially departed on the travel. Divide the total number of hours traveled by 24. The hours remaining constitute the partial day which shall be reimbursed as follows:**

- (1) for less than 2 hours, none;
- (2) for 2 hours but less than 6 hours, \$12.00;
- (3) for 6 hours or more, but less than 12 hours, \$20.00;
- (4) for 12 hours or more, \$30.00;
- (5) **no reimbursement for actual expenses will be granted in lieu of partial day per diem rates.**

**Condition:** During our review of travel and per diem compliance testing we noted the following instances in which proper procedures were not followed:

- An employee was paid actuals of \$7.47 instead of the partial day per-diem rate of \$12 on the final day of overnight travel.

During our review of cash disbursements, we noted the following instances in which proper procedures were not followed:

- An employee who returned from overnight travel was paid a partial day per-diem amount of \$12 for an additional 0-2 hours. The employee should not have been reimbursed anything for that time frame.

In the prior year's audit there were 2 instances in which actuals were paid instead of partial day per-diem rates, 2 instances where the travel begin and end time were not recorded and 2 instances where the travel form was not signed by the superintendent authorizing payment.

The District made some improvement in this area. However, the issue is the last day of travel which has caused problems for many other districts and institutions in the State as not allowing reimbursement of actual expenditures is causing issues in reimbursing travelers who may be reimbursed more than they actually spent.

**STATE OF NEW MEXICO**  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

**Section IV – Section 12-6-5 NMSA 1978 Findings – Cimarron Municipal Schools (Continued)**

**NM 2018-001 – Improper Reimbursement of Travel Expense (Other Non-compliance)**

*Cause:* The District did not properly calculate the reimbursement rate for partial day per-diem.

*Effect:* The District paid some employee more than the amount allowed by the travel and per diem act. Employees were not reimbursed at the District and State mandated rates.

*Auditor's Recommendation:* We recommend that management ensure that they are reimbursing employees properly for qualified expenses and ensure that policies are consistent for all employees and that all travel forms have actual departure and arrival times to accurately reimburse employees.

***Responsible Official's View:***

- Specific corrective action plan for finding:

**Continue to check timelines and pay accordingly.**

- Timeline for completion of corrective action plan:

**Immediately**

- Employee position(s) responsible for meeting the timeline:

**Business Manager/Accounts Payable**

**STATE OF NEW MEXICO**  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

**Section IV – Section 12-6-5 NMSA 1978 Findings – Cimarron Municipal Schools (Continued)**

**NM 2019 – 001 – Improper Withholding of Employee Contributions (Other Non-compliance)**

***Criteria: 22-1121 NMSA 1978: Contributions; members; local administrative units:***

A. Except as provided in Subsection D of this section, for a member whose annual salary is greater than twenty thousand dollars (\$20,000), the member shall make contributions to the fund according to the following schedule:

(1) from July 1, 2013 through June 30, 2014, the member contribution rate shall be ten and one-tenth percent of the member's annual salary; and

(2) on and after July 1, 2014, the member contribution rate shall be ten and seven-tenths percent of the member's annual salary.

B. On and after July 1, 2008, for a member whose annual salary is twenty thousand dollars (\$20,000) or less, the member contribution rate shall be seven and nine-tenths percent of the member's annual salary.

C. Except as provided in Subsection D of this section, each local administrative unit shall make an annual contribution to the fund according to the following schedule:

(1) from July 1, 2013 through June 30, 2014, a sum equal to thirteen and fifteen-hundredths percent of the annual salary of each member employed by the local administrative unit; and

(2) on and after July 1, 2014, a sum equal to thirteen and nine-tenths percent of the annual salary of each member employed by the local administrative unit.

D. If, in a calendar year, the salary of a member, initially employed by a local administrative unit on or after July 1, 1996, equals the annual compensation limit set pursuant to Section 401(a)(17) of the Internal Revenue Code of 1986, as amended, then:

(1) for the remainder of that calendar year, no additional member contributions or local administrative unit contributions for that member shall be made pursuant to this section; provided that no member shall be denied service credit solely because contributions are not made by the member or on behalf of the member pursuant to the provisions of this subsection; and

(2) the amount of the annual compensation limit shall be divided into four equal portions, and, for purposes of attributing contributory employment and crediting service credit, each portion shall be attributable to one of the four quarters of the calendar year.

***Criteria: 22-29-10 NMSA 1978: Group Insurance Contributions:***

A. Group insurance contributions for school districts, charter schools and participating entities in the authority shall be made as follows:

(1) at least seventy-five percent of the cost of the insurance of an employee whose annual salary is less than fifteen thousand dollars (\$15,000);

(2) at least seventy percent of the cost of the insurance of an employee whose annual salary is fifteen thousand dollars (\$15,000) or more but less than twenty thousand dollars (\$20,000);

(3) at least sixty-five percent of the cost of the insurance of an employee whose annual salary is twenty thousand dollars (\$20,000) or more but less than twenty-five thousand dollars (\$25,000); or

(4) at least sixty percent of the cost of the insurance of an employee whose annual salary is twenty-five thousand dollars (\$25,000) or more.

B. Within available revenue, school districts, charter schools and participating entities in the authority may contribute up to eighty percent of the cost of the insurance of all employees.

***Condition:*** During our review of personnel files we discovered two employees whose retirement and insurance deductions were improper. In the first instance an employee who is making more than \$20,000 had their ERA deductions were being withheld at the rate for an individual making less than \$20,000. In the second instance an employee's contract was greater than between \$20,000 and \$24,999 and should have had deductions at 35%/65% but for two pay periods was 40%/60%.

**STATE OF NEW MEXICO**  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

**Section IV – Section 12-6-5 NMSA 1978 Findings – Cimarron Municipal Schools (Continued)**

**NM 2019 – 001 – Improper Withholding of Employee Contributions (Other Non-compliance)**

*Cause:* The District has not followed state guidelines in regards to employee contribution withholdings.

*Effect:* The District's improper calculation of employee withholdings has resulted in an employee having less withheld from their paycheck than statute requires in one instance and more in the second instance.

*Auditor's Recommendation:* We recommend that Cimarron the District review personnel files to ensure that employee contributions are being calculated and withheld properly.

***Responsible Official's Plan:***

- Specific corrective action plan for finding:

**Personnel files have been reviewed and updated accordingly**

- Timeline for completion of corrective action plan:

**Immediately-have been updated as of audit**

- Employee position(s) responsible for meeting the timeline:

**Payroll Clerk**

**STATE OF NEW MEXICO**  
**CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**Section IV – Section 12-6-5 NMSA 1978 Findings – Cimarron Municipal Schools (Continued)**

**NM 2019-002 – Budgetary Controls and Cash Appropriations (Other Non-compliance)**

**Criteria: 2.2.2.10 NMAC 1978 GENERAL CRITERIA:**

**R. Appropriations:**

**(1) Budget related findings:**

**(a)** If actual expenditures exceed budgeted expenditures at the legal level of budgetary control, that fact shall be reported in a finding and disclosed in the notes to the financial statements.

**(b)** If budgeted expenditures exceed budgeted revenues (after prior-year cash balance and any applicable federal receivables used to balance the budget), that fact shall be reported in a finding. This type of finding shall be confirmed with the agency’s budget oversight entity (if applicable).

All District funds, with the exception of agency funds, are to be budgeted by the local governing body and submitted to the Public Education Department for approval. Cash balances re-budgeted to make up for deficit budgeted revenues that do not cover the budgeted expenditures cannot exceed the actual cash balance available at the end of the prior year.

**Condition:** The District re-budgeted “cash balance” in excess of available cash balances in the following funds:

<b>Fund #</b>	<b>Name</b>	<b>Final Cash Budget</b>	<b>Actual Cash</b>	<b>Difference</b>
31100	Bond Building Capital Projects	\$ 1,365,057	\$ 1,364,955	\$ (102)
43000	Education Technology Debt Service	515,936	388,711	(127,225)
	<b>Total</b>	<b>\$ 1,880,993</b>	<b>\$ 1,753,666</b>	<b>\$ (127,327)</b>

**Effect:** The District has budgeted a cash balance that does not exist. If the District expends all budgeted expenditures it will overdraw its existing funds. The District has also expended funds in excess of its budget authority

**Cause:** Modifying the cash balance of the funds and improper internal controls regarding expenditures was missed by District personnel.

**Auditor’s Recommendation:** Budget for future years should be reviewed to ensure all funds have adequate budget authority for budgeted expenditures. Greater attention should be given to the budget monitoring process end-of-the-year cash balance estimates. Adjustments should be made to cash balances after actual amounts are determined.

**Responsible Official’s Plan:**

- Specific corrective action plan for finding:

**Check cash ending balance with audit and adjust accordingly.**

- Timeline for completion of corrective action plan:

**As soon as Audit is finalized all cash balances will be brought to correct balance.**

- Employee position(s) responsible for meeting the timeline:

**Business Manager**

STATE OF NEW MEXICO  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

**Section IV – Section 12-6-5 NMSA 1978 Findings – Moreno Valley High School (Continued)**

**MVHS NM 2018-001 – Improper Travel Expense Payments (Other Non-compliance)**

***Criteria: 2.42.2.9 NMAC 1978 REIMBURSEMENT OF ACTUAL EXPENSES IN LIEU OF PER DIEM RATES:***

A. **Applicability:** Upon written request of a public officer or an employee, agency heads may grant written approval for a public officer or employee of that agency or local public body to be reimbursed actual expenses in lieu of the per diem rate where overnight travel is required.

B. **Overnight travel:** For overnight travel for state officers and employees where overnight lodging is required, the public officer or employee will be reimbursed as follows:

(1) **Actual reimbursement for lodging:** A public officer or an employee may elect to be reimbursed actual expenses for lodging not exceeding the single occupancy room charge (including tax) in lieu of the per diem rate set forth in this Section. Whenever possible, public officers and employees should stay in hotels which offer government rates. Agencies, public officers or employees who incur lodging expenses in excess of \$215.00 per night must obtain the signature of the agency head or chairperson of the governing board on the travel voucher prior to requesting reimbursement and on the encumbering document at the time of encumbering the expenditure.

(2) **Actual reimbursement for meals:** Actual expenses for meals are limited by Section 10-8-4(K)(2) NMSA 1978 (1995 Repl. Pamp.) to a maximum of \$30.00 for in-state travel and \$45.00 for out-of-state travel for a 24-hour period.

(3) **Receipts required:** The public officer or employee must submit receipts for the actual meal and lodging expenses incurred. Under circumstances where the loss of receipts would create a hardship, an affidavit from the officer or employee attesting to the expenses may be substituted for actual receipts. The affidavit must accompany the travel voucher and include the signature of the agency head or governing board. See Appendix B for a sample affidavit.

C. **Return from overnight travel:** On the last day of travel when overnight lodging is no longer required, partial day reimbursement shall be made. To calculate the number of hours in the partial day, begin with the time the traveler initially departed on the travel. Divide the total number of hours traveled by 24. The hours remaining constitute the partial day which shall be reimbursed as follows:

- (1) for less than 2 hours, none;
- (2) for 2 hours but less than 6 hours, \$12.00;
- (3) for 6 hours or more, but less than 12 hours, \$20.00;
- (4) for 12 hours or more, \$30.00;
- (5) **no reimbursement for actual expenses will be granted in lieu of partial day per diem rates.**

**Condition:** During our review of travel and per diem we noted the following instances in which proper procedures were not followed:

- In 2 of 7 items reviewed the employee was paid actuals on the final day of travel when returning from an overnight stay. In the first instance an employee should have been paid \$20 and in the second instance the employee should not have been reimbursed for their meals as there is no documentation employee was gone more than 9 hours.
- In 1 of 7 instances an employee was paid actuals on the final day of travel from an overnight trip. Employee should have been paid partial day per-diem only.
- In 4 of 7 items reviewed there was no approval signature from the employee's supervisor authorizing the travel or board president authorization for the Director's travel
- In 1 of 7 items reviewed an employee was paid 0.45/mile which is in excess of the maximum allowed.

In the previous year's audit the School had 4 instances in which the employee was paid actuals on the last day after an overnight trip, 1 instance where the travel form was not signed by the employee, 1 instance where reimbursement occurred outside the listed travel dates, and in all the instances reviewed there was no authorizing signature.



**STATE OF NEW MEXICO**  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

**Section IV – Section 12-6-5 NMSA 1978 Findings – Moreno Valley High School (Continued)**

**MVHS NM 2018-001 – Improper Travel Expense Payments (Other Non-compliance) (Continued)**

The Charter has not made improvement in this area overall. However, the issues identified occurred early in the year with significant improvement on travel at the end of the year.

*Cause:* The School has not properly reimbursed employees for same day and overnight travel.

*Effect:* The School is not in compliance with State and School statutes and policies.

*Auditor's Recommendation:* We recommend that management keep proper records as required by law. We also recommend the travel reimbursement form be signed by authorizing authority and that all personnel be trained in the proper reimbursement rates allowed under . Further training in the State stature for travel and per diem reimbursement should be obtained so that the Director and Business Manager are comfortable with the requirements of the law.

*Responsible Official's View:*

- Specific corrective action plan for finding:

**Training with additional documentation has been implemented to avoid these travel and per diem issues in the future.**

- Timeline for completion of corrective action plan:

**Beginning of school year.**

- Employee position(s) responsible for meeting the timeline:

**Executive Assistant/CPO**

**STATE OF NEW MEXICO**  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

**Section IV – Section 12-6-5 NMSA 1978 Findings – Moreno Valley High School (Continued)**

**MVHS NM 2019-001 – Improper Withholding of Employee Contributions (Other Non-compliance)**

***Criteria: 22-29-10 NMSA 1978: Group Insurance Contributions:***

A. Group insurance contributions for school districts, charter schools and participating entities in the authority shall be made as follows:

(1) at least seventy-five percent of the cost of the insurance of an employee whose annual salary is less than fifteen thousand dollars (\$15,000);

(2) at least seventy percent of the cost of the insurance of an employee whose annual salary is fifteen thousand dollars (\$15,000) or more but less than twenty thousand dollars (\$20,000);

(3) at least sixty-five percent of the cost of the insurance of an employee whose annual salary is twenty thousand dollars (\$20,000) or more but less than twenty-five thousand dollars (\$25,000); or

(4) at least sixty percent of the cost of the insurance of an employee whose annual salary is twenty-five thousand dollars (\$25,000) or more.

B. Within available revenue, school districts, charter schools and participating entities in the authority may contribute up to eighty percent of the cost of the insurance of all employees.

***Condition:*** During our review of personnel files we discovered an employee's contract was between \$15,000 and \$20,000 and should have had deductions at 30%/70% but was deducted at 25%/75%.

***Cause:*** The District has not followed state guidelines in regards to employee contribution withholdings.

***Effect:*** The District's improper calculation of employee withholdings has resulted in an employee having less withheld from their paycheck than statute requires.

***Auditor's Recommendation:*** We recommend that MVHS review personnel files to ensure that employee contributions are being calculated and withheld properly.

***Responsible Official's Plan:***

- Specific corrective action plan for finding:

**Audit employee files in July prior to beginning of school year and payroll to make sure all is correct.**

- Timeline for completion of corrective action plan:

**Audit of employee deductions has already happened for this school year and the next audit will be in July 2020.**

- Employee position(s) responsible for meeting the timeline:

**Executive Assistant**

**STATE OF NEW MEXICO**  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019

Schedule VIII

**Section V – Prior Year Audit Findings**

**Financial Section Findings**

**Cimarron Municipal School District No. 3**

FS 2018-001 – Insufficient Pledged Collateral – Resolved

**Moreno Valley High School**

MVHS FS 2017-002 – Purchase Orders, Payment Authorization, Documentation and Receiving – Repeated and Revised

**Moreno Valley Education Foundation**

There were no findings required to be reported relating to the financial section.

**Federal Award Findings**

There were no findings required to be reported relating to federal awards.

**Section 12-6-5 NMSA 1978 Findings**

**Cimarron Municipal School District No. 3**

NM 2017-001 – Purchase Orders Payment Authorization and Receiving – Repeated and Revised

NM 2017-002 – Background Checks – Resolved

NM 2017-006 – Improper Cash Receiving and Depositing – Resolved

NM 2018-001 – Improper Reimbursement of Travel Expense – Repeated and Revised

**Moreno Valley High School**

MVHS NM 2017-001 – Late Payment of Employer Contributions – Resolved

MVHS NM 2018-001 – Improper Reimbursement of Travel Expense – Repeated and Revised

MVHS NM 2018-002 – Cash Receipting Procedures – Resolved

**Moreno Valley Education Foundation**

There were no findings required to be reported relating to the Section 12-6-5 NMSA 1978 area.

**STATE OF NEW MEXICO**  
CIMARRON MUNICIPAL SCHOOL DISTRICT NO. 3  
OTHER DISCLOSURES  
FOR THE YEAR ENDED JUNE 30, 2019

Auditor Prepared Financials

Manning Accounting and Consulting Services, LLC assisted in the preparation of the financial statements presented in this report. The District's management has reviewed and approved the financial statements and related notes and they believe that their records adequately support the financial statements.

Exit Conference

The contents of this report were discussed on October 23, 2019. The following individuals were in attendance.

**Cimarron Municipal School District No. 3**

Ronald L. Anderson, Board Vice President  
Adán Estrada, Superintendent  
Nancy Hooker, Board Member  
Lawana Whitten, Business Manager  
Mary Sciacca, Business Manager Apprentice

**Manning Accounting and Consulting Services, LLC**

Byron Manning, CPA, Managing Partner  
Chris Manning, Staff Accountant

**Moreno Valley High School**

Tim Bertucci, Council President  
Tammy Dunn, Director  
Lawana Whitten, Business Manager

**Moreno Valley Education Foundation**

Jenny Smith, Board Treasurer