
**STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
ANNUAL FINANCIAL REPORT
JUNE 30, 2019**

HARSHWAL & COMPANY LLP
Certified Public Accountants
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INTRODUCTORY SECTION

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CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
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**STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
DIRECTORY OF OFFICIALS
FOR THE YEAR ENDED JUNE 30, 2019**

BOARD OF EDUCATION

Dianna Maestas	President
Taylor Pinto	Vice President
Vivian Keetso	Secretary
Elizabeth Martin	Member
Dr. Carl Stern	Member

AUDIT COMMITTEE

Dr. Carl Stern	Member
Dianna Maestas	Member
Christine Montoya	Member
Shirley Hurford	Member
Arsenio Jacquez	Member
Rhiannon Chavez	Business Manager
Dr. Karen Sanchez-Griego, Ed.D.	Ex-Officio Member

FINANCE COMMITTEE

Dr. Carl Stern	Member
Dianna Maestas	Member
Christine Montoya	Member
Shirley Hurford	Member
Arsenio Jacquez	Member
Rhiannon Chavez	Business Manager
Dr. Karen Sanchez-Griego, Ed.D.	Ex-Officio Member

DISTRICT OFFICIALS

Dr. Karen Sanchez-Griego, Ed.D.	Ex-Officio Member
Rhiannon Chavez	Business Manager
Jaime Tamez	Federal Programs
Kay Brown	AP Specialist
Corrine Jake	Payroll Specialist

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Mr. Brian S. Colón,
State Auditor of the State of New Mexico
The Board of Education and Audit Committee of
Cuba Independent School District No. 62
Cuba, New Mexico

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Cuba Independent School District, as of June 30, 2019, and the respective changes in financial position, and the respective budgetary comparisons for the general fund and major special revenue 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 governmental 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 also require that the Schedule of Proportionate Share of the net pension liability, Schedule of Contributions and notes to required supplementary information for net pension liability on pages 61 - 63, Schedule of Proportionate Share of net OPEB liability and Schedule of Contributions for OPEB and notes to required supplementary information for net OPEB liability on pages 64 - 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Cuba Independent School District's basic financial statements. The supplemental information such as the combining and individual nonmajor fund financial statements on pages 69 - 73 and 85 - 104, Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual on pages 74 - 78 and the other information, such as the Schedule of Expenditures of Federal Awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the other schedules required by 2.2.2.NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2019, on our consideration of 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 solely 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 effectiveness of the District's 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.

Harshwal & Company LLP

Albuquerque, New Mexico
November 15, 2019

BASIC FINANCIAL STATEMENTS

GOVERNMENT - WIDE FINANCIAL STATEMENTS

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
STATEMENT OF NET POSITION
JUNE 30, 2019

Exhibit A-1

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,571,683
Receivables:	
Property taxes	189,551
Grants	845,841
Due from other governments	1,348
Food inventory	<u>10,808</u>
Total current assets	<u>4,619,231</u>
Noncurrent assets:	
Non-depreciable capital assets	63,000
Depreciable capital assets, net	<u>22,809,830</u>
Total noncurrent assets	<u>22,872,830</u>
Total assets	<u>27,492,061</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources - Pension	5,297,776
Deferred outflows of resources - OPEB	<u>104,488</u>
Total deferred outflows of resources	<u>5,402,264</u>
Total assets and deferred outflows of resources	<u>32,894,325</u>
LIABILITIES	
Current liabilities:	
Accounts payable	252,579
Accrued interest	31,181
Deposits held for others	2,101
Compensated absences	102,989
Current portion of bonds and notes payable	<u>954,658</u>
Total current liabilities	<u>1,343,508</u>
Noncurrent liabilities:	
Bonds and notes payable	2,631,989
Net pension liability	19,959,599
Net OPEB liability	<u>4,764,927</u>
Total noncurrent liabilities	<u>27,356,515</u>
Total liabilities	<u>28,700,023</u>

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

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
STATEMENT OF NET POSITION
JUNE 30, 2019

Exhibit A-1

	<u>Governmental Activities</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - Bond refunding	\$ 48,368
Deferred inflows of resources - Grants	16,561
Deferred inflows of resources - Pension	379,863
Deferred inflows of resources - OPEB	<u>1,244,941</u>
Total deferred inflows of resources	<u>1,689,733</u>
Total liabilities, deferred inflows of resources	<u>30,389,756</u>
NET POSITION	
Net investment in capital assets	19,286,183
Restricted for:	
Debt service	2,697,239
Other purposes	668,629
Unrestricted	<u>(20,147,482)</u>
Total net position	<u>2,504,569</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 32,894,325</u>

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

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit A-2

Functions/Programs	Expenses	Program revenues		Net (expenses) revenues and changes in net position
		Charges for service	Operating grants and contributions	
Governmental activities:				
Instruction	\$ 8,520,428	\$ 102,128	\$ 2,478,494	\$ (5,939,806)
Support services:				
Students	1,042,567	-	146,067	(896,500)
Instruction	168,366	-	-	(168,366)
General administration	562,315	-	-	(562,315)
School administration	730,412	-	765,430	35,018
Central services	620,388	-	-	(620,388)
Operation & Maintenance of plant	1,947,725	-	31,613	(1,916,112)
Student transportation	742,087	-	622,506	(119,581)
Other support services	781	-	-	(781)
Food services operation	437,007	30,613	347,452	(58,942)
Community services	64,845	-	179,058	114,213
Interest on long-term debt	<u>62,560</u>	<u>-</u>	<u>-</u>	<u>(62,560)</u>
Total governmental activities	<u>\$ 14,899,481</u>	<u>\$ 132,741</u>	<u>\$ 4,570,620</u>	<u>(10,196,120)</u>

General revenues:

Taxes:	
Property taxes:	
General purposes	50,774
Capital projects	218,856
Debt service	1,131,675
Oil and gas	483,679
Grants and contributions not restricted	5,487,035
Investment income	2,425
Miscellaneous income	<u>40,521</u>
Total general revenues	<u>7,414,965</u>
Change in net position	(2,781,155)
Net position - beginning of year	<u>5,285,724</u>
Net position - end of year	<u>\$ 2,504,569</u>

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

Exhibit B-1

	General Fund 11000-14000	24101-Title I - IASA	31100-Bond Building
ASSETS			
Cash and cash equivalents	\$ 93,398	\$ -	\$ 79,417
Receivables:			
Property taxes	6,316	-	-
Grants	-	499,092	-
Due from other governments	-	-	-
Food inventory	-	-	-
Due from other funds	<u>846,848</u>	<u>-</u>	<u>-</u>
Total assets	<u>946,562</u>	<u>499,092</u>	<u>79,417</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
LIABILITIES			
Accounts payable	45,526	-	138,285
Deposits held for others	2,101	-	-
Due to other funds	<u>-</u>	<u>499,092</u>	<u>-</u>
Total liabilities	<u>47,627</u>	<u>499,092</u>	<u>138,285</u>
DEFERRED INFLOWS OF RESOURCES			
Delinquent property taxes	5,587	-	-
Advances of federal, state, and local grants	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>5,587</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Non-spendable:			
Inventories	-	-	-
Restricted for:			
Special revenue funds	-	-	-
Capital projects funds	-	-	-
Debt service	-	-	-
Unassigned	<u>893,348</u>	<u>-</u>	<u>(58,868)</u>
Total fund balances	<u>893,348</u>	<u>-</u>	<u>(58,868)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 946,562</u>	<u>\$ 499,092</u>	<u>\$ 79,417</u>

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

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

Exhibit B-1

	41000-Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 2,299,146	\$ 1,099,722	\$ 3,571,683
Receivables:			
Property taxes	137,181	46,054	189,551
Grants	-	346,749	845,841
Due from other governments	-	1,348	1,348
Food inventory	-	10,808	10,808
Due from other funds	-	-	846,848
Total assets	2,436,327	1,504,681	5,466,079
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
LIABILITIES			
Accounts payable	-	68,768	252,579
Deposits held for others	-	-	2,101
Due to other funds	-	347,756	846,848
Total liabilities	-	416,524	1,101,528
DEFERRED INFLOWS OF RESOURCES			
Delinquent property taxes	122,141	38,492	166,220
Advances of federal, state, and local grants	-	16,561	16,561
Total deferred inflows of resources	122,141	55,053	182,781
FUND BALANCES			
Non-spendable:			
Inventories	-	10,808	10,808
Restricted for:			
Special revenue funds	-	555,535	555,535
Capital projects funds	-	113,094	113,094
Debt service	2,314,186	383,053	2,697,239
Unassigned	-	(29,386)	805,094
Total fund balances	2,314,186	1,033,104	4,181,770
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,436,327	\$ 1,504,681	\$ 5,466,079

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

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET POSITION
JUNE 30, 2019

Exhibit B-1

	<u>Governmental Funds</u>
Amounts reported for governmental activities in the statement of Net position are different because:	
Fund balances - total governmental funds	\$ 4,181,770
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	22,872,830
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be deferred inflows in the fund financial statements, but are considered revenues in the Statement of Activities.	166,220
Deferred outflows and inflows of resources related to Pension, OPEB and Bond refunding are applicable to future periods and therefore, are not reported in funds:	
Deferred outflows of resources related to Pension and OPEB	5,402,264
Deferred inflows of resources related to Pension, OPEB and Bond refunding	(1,673,172)
Liabilities are not due and payable with current financial resources and, therefore are not reported in the funds:	
Accrued interest	(31,181)
Current portion of accrued compensated absences	(102,989)
Current portion of bonds and notes payable	(954,658)
Bonds and notes payable	(2,631,989)
Net pension liability	(19,959,599)
Net OPEB Liability	<u>(4,764,927)</u>
Net position of governmental activities	<u>\$ 2,504,569</u>

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

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62

Exhibit B-2

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	General Fund 11000-14000	24101-Title I - IASA	31100-Bond Building
REVENUES			
Taxes:			
Property	\$ 50,774	\$ -	-
Oil and gas	19,090	-	-
Intergovernmental revenue:			
Intergovernmental - federal grants	1,581,387	737,925	-
Intergovernmental - state grants	5,839,346	-	-
Contributions - private grants	-	-	-
Charges for services	57,283	-	-
Investment income	-	-	2,425
Miscellaneous	40,521	-	-
Total revenues	7,588,401	737,925	2,425
EXPENDITURES			
Current:			
Instruction	3,258,224	325,653	-
Support services:			
Students	716,495	118,990	-
Instruction	149,119	-	-
General administration	387,075	49,209	-
School administration	604,608	9,919	-
Central services	561,922	-	-
Operation and maintenance of plant	1,232,435	-	262,993
Student transportation	628,239	-	-
Other support services	678	-	6
Food services operations	-	-	-
Community services	54,912	-	-
Capital outlay	42,592	234,154	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	7,636,299	737,925	262,999
<i>Excess (deficiency) of revenues over expenditures</i>	<i>(47,898)</i>	<i>-</i>	<i>(260,574)</i>
OTHER FINANCING SOURCES (USES)			
Transfer In	-	-	-
Transfer out	(71,523)	-	-
Total other financing sources (uses)	(71,523)	-	-
Net change in fund balances	(119,421)	-	(260,574)
Fund balances - beginning of year	1,012,769	-	201,706
Fund balances - end of year	\$ 893,348	\$ -	\$ (58,868)

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

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62

Exhibit B-2

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	41000-Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes:			
Property	\$ 820,658	\$ 520,741	\$ 1,392,173
Oil and gas	304,078	160,511	483,679
Intergovernmental revenue:			
Intergovernmental - federal grants	-	1,653,885	3,973,197
Intergovernmental - state grants	-	248,196	6,087,542
Contributions - private grants	-	22,000	22,000
Charges for services	-	50,374	107,657
Investment income	-	-	2,425
Miscellaneous	-	-	40,521
	<u>1,124,736</u>	<u>2,655,707</u>	<u>12,109,194</u>
EXPENDITURES			
Current:			
Instruction	-	1,126,880	4,710,757
Support services:			
Students	-	105,602	941,087
Instruction	-	950	150,069
General administration	8,492	34,400	479,176
School administration	-	59,751	674,278
Central services	-	-	561,922
Operation and maintenance of plant	-	326,690	1,822,118
Student transportation	-	41,790	670,029
Other support services	-	-	684
Food services operations	-	400,067	400,067
Community services	-	3,762	58,674
Capital outlay	-	166,840	443,586
Debt service:			
Principal	866,291	-	866,291
Interest	61,109	-	61,109
	<u>935,892</u>	<u>2,266,732</u>	<u>11,839,847</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>188,844</u>	<u>388,975</u>	<u>269,347</u>
OTHER FINANCING SOURCES (USES)			
Transfer In	71,523	-	71,523
Transfer out	-	-	(71,523)
	<u>71,523</u>	<u>-</u>	<u>-</u>
Net change in fund balances	260,367	388,975	269,347
Fund balances - beginning of year	<u>2,053,819</u>	<u>644,129</u>	<u>3,912,423</u>
Fund balances - end of year	<u>\$ 2,314,186</u>	<u>\$ 1,033,104</u>	<u>\$ 4,181,770</u>

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

STATE OF NEW MEXICO

Exhibit B-2

CUBA INDEPENDENT SCHOOL DISTRICT NO. 62

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - 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	\$ 269,347
Governmental funds report Capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:	
Capital expenditures recorded in Capital outlay	56,778
Depreciation expense	(1,200,173)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Deferred property taxes at: June 30, 2018	(157,088)
Deferred property taxes at: June 30, 2019	166,220
Expenses in the Statements of Activities that do not consume current financial resources are not reported as expenditures in the funds:	
Increase in accrued compensated absences	(51,918)
Increase in accrued interest payable	(1,451)
The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:	
Deferred gain on bond refunding amortization	8,062
Principal payments on bonds	866,291
Governmental funds report District's pension and OPEB contributions as expenditures. However in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension and OPEB expenses:	
Net pension income (expenses)	(2,850,962)
Net OPEB income (expenses)	<u>113,739</u>
Change in net position in governmental activities	\$ <u><u>(2,781,155)</u></u>

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP
BUDGETARY BASIS)**

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
GENERAL FUND (11000-14000)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON - GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>			Variances Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes:				
Property	\$ 42,434	\$ 42,434	\$ 51,674	\$ 9,240
Oil and gas	14,644	14,644	22,505	7,861
Intergovernmental - federal grants	929,525	929,525	1,581,387	651,862
Intergovernmental - state grants	6,236,092	6,238,420	5,839,346	(399,074)
Charges for services	48,600	48,600	57,283	8,683
Miscellaneous	-	-	40,521	40,521
Total revenues	<u>7,271,295</u>	<u>7,273,623</u>	<u>7,592,716</u>	<u>319,093</u>
EXPENDITURES				
Current:				
Instruction	3,334,784	3,337,112	3,311,204	25,908
Support services:				
Students	1,005,866	770,166	710,432	59,734
Instruction	176,750	156,450	149,119	7,331
General administration	402,315	421,215	383,276	37,939
School administration	549,036	632,036	605,514	26,522
Central services	574,185	614,085	591,188	22,897
Operation and maintenance of plant	1,240,830	1,293,830	1,131,171	162,659
Student transportation	782,706	843,906	726,091	117,815
Other support service	6,084	6,084	678	5,406
Community services	<u>120,518</u>	<u>120,518</u>	<u>54,034</u>	<u>66,484</u>
Total expenditures	<u>8,193,074</u>	<u>8,195,402</u>	<u>7,662,707</u>	<u>532,695</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(921,779)</u>	<u>(921,779)</u>	<u>(69,991)</u>	<u>851,788</u>

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

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
GENERAL FUND (11000-14000)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON - GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2019

OTHER FINANCING SOURCES (USES)

Transfers out	_____ -	_____ -	_____ (71,523)	_____ (71,523)
Total other financing sources (uses)	_____ -	_____ -	_____ (71,523)	_____ (71,523)
Net changes in fund balances	(921,779)	(921,779)	(141,514)	780,265
Beginning cash balance budgeted	921,779	921,779	-	(921,779)
Fund balances - beginning of year	_____ -	_____ -	_____ 1,012,769	_____ 1,012,769
Fund balances - end of year	\$ _____ -	\$ _____ -	\$ _____ 871,255	_____ 871,255

RECONCILIATION TO GAAP BASIS:

Adjustments to revenues for property taxes and gas taxes.	(4,315)
Adjustments to expenditures for salary, general supplies and materials, and other charges.	_____ 26,408
Fund balances - end of year (GAAP basis)	\$ _____ 893,348

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

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
TITLE I IASA SPECIAL REVENUE FUND (24101)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON - GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Variances
	Original	Final	Actual	Favorable (Unfavorable)
REVENUES				
Intergovernmental - federal grants	\$ 519,012	\$ 791,007	\$ 407,334	\$ (383,673)
Total revenues	519,012	791,007	407,334	(383,673)
EXPENDITURES:				
Current:				
Instruction	362,325	571,398	560,127	11,271
Support services				
Students	99,920	138,420	118,990	19,430
General administration	36,947	56,369	49,209	7,160
School administration	19,820	24,820	9,919	14,901
Total expenditures	519,012	791,007	738,245	52,762
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(330,911)	(330,911)
Net changes in fund balances	-	-	(330,911)	(330,911)
Fund balances - beginning of year	-	-	-	-
Fund balances - end of year	\$ -	\$ -	\$ (330,911)	\$ (330,911)
RECONCILIATION TO GAAP BASIS:				
Adjustments to revenues for property taxes and gas taxes.			330,591	
Adjustments to expenditures for salary, general supplies and materials, and other charges.			320	
Fund balances - end of year (GAAP basis)			\$ -	

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

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
- AGENCY FUNDS
JUNE 30, 2019

Exhibit D-1

ASSETS

Cash and cash equivalents	\$ <u>82,253</u>
Total assets	<u>82,253</u>

LIABILITIES

Deposit held for others	<u>82,253</u>
Total Liabilities	<u><u>\$ 82,253</u></u>

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

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Cuba Independent School District (“District”) is a special purpose government corporation governed by an elected five-member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public school education in the Village of Cuba, New Mexico and the surrounding areas. The District is responsible for all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

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

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

1. Blended Component Units

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

2. Discretely Presented Component Units

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

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

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

B. Implementation of New Accounting Principles

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

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

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

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

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

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

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

B. Implementation of New Accounting Principles - Cont'd

A government may have a minority share (less than 50 percent) of ownership interest in a jointly owned tangible capital asset in which a nongovernmental entity is the majority owner and reports its ARO in accordance with the guidance of another recognized accounting standards setter. Additionally, a government may have a minority share of ownership interest in a jointly owned tangible capital asset in which no joint owner has a majority ownership, and a nongovernmental joint owner that has operational responsibility for the jointly owned tangible capital asset reports the associated ARO in accordance with the guidance of another recognized accounting standards setter.

In both situations, the government's minority share of an ARO should be reported using the measurement produced by the nongovernmental majority owner or the nongovernmental minority owner that has operational responsibility, without adjustment to conform to the liability measurement and recognition requirements of this Statement.

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

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

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

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

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

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

B. Implementation of New Accounting Principles - Cont'd

Requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

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

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

GASB Statement No. 84, *Fiduciary Activities*

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

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

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

B. Implementation of New Accounting Principles - Cont'd

GASB Statement No. 87, Leases

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

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

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

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

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

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

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

B. Implementation of New Accounting Principles - Cont'd

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

The primary objectives of this Statement are to improve 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.

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

GASB Statement No. 91, *Conduit Debt Obligations*

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

C. Government - Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the school District. For the most part, the effect of inter-fund activity has been removed from these statements.

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

**STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

C. Government - Wide and Fund Financial Statements - Cont'd

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

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

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

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

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

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

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Cont'd

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

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

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

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

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

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

Special Revenue Funds

Title I (Fund No. 24101)

Minimum Balance: None

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

Capital Projects Funds

Bond Building (Fund No. 31100)

Minimum Balance: None

This fund provides financing for the construction of buildings, the purchase of equipment, and the acquisition and improvement of land. Funding is provided by the sale of general obligation bonds, which have been approved by the voters of the District.

Debt Service Funds

Debt Service Fund (Fund No. 41000)

Minimum Balance: None

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

Additionally, the government reports the following fund types:

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

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

E. Assets, Liabilities, and Net Position or Equity

1. Deposits and investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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

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

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

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

2. Receivables and payables

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

The District's property taxes are levied each year on the assessed valuation of property located in the School District as of the preceding January 1st. Mill levy rates are set by the State of New Mexico each year for the General Fund, Capital Improvements SB – 9 Fund, and Debt Service Fund. Taxes are payable in two equal installments on November 10th and April 10th following the levy and become delinquent after 30 days.

Under GASB Statement 33, property taxes are impressed non-exchange revenue. Assets from impressed non-exchange transactions are reported when the District has an enforceable legal claim to the asset. The enforceable legal claim date for property taxes is the assessment date. Taxes are payable in two equal installments on November 10 and April 10th following the levy and become delinquent after 30 days. Therefore, the District has recorded a delinquent tax receivable and revenue for taxes received within the sixty days following year-end. A receivable and deferred revenue have been recorded for uncollected delinquent taxes. On the government-wide financial statements, the District has recorded delinquent property taxes receivable and revenue for taxes assessed as of year-end that have not been collected, as prescribed in GASB 34. An allowance for refunds and uncollectible amounts has not been recorded.

**STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

E. Assets, Liabilities, and Net Position or Equity - Cont'd

3. Inventories

USDA Commodities are recorded at estimated costs and other inventories are recorded at cost, which approximates market. Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed.

4. Capital assets

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

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

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

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

Assets	Years
Buildings	15-50
Building improvements	5-50
Land Improvements	10-50
Vehicles	5-15
Office equipment	5-20
Computer equipment	3-20

5. Compensated absences

It is the District's policy to permit employees to accumulate 120 days of earned but unused vacation, which will be paid to employees upon retirement from the District's service. The amount for liability has been reported in the government-wide financial statements.

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

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

E. Assets, Liabilities, and Net Position or Equity - Cont'd

6. Long-term obligations

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

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

7. Pensions

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

8. Postemployment Benefits Other Than Pensions (OPEB)

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

9. Deferred Outflows/Inflows of Resources

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

In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The District has pension and OPEB related to deferred outflows of resource items that qualify for reporting in this category.

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

E. Assets, Liabilities, and Net Position or Equity - Cont'd

In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District has pension, bond refunding and OPEB related deferred inflows of resources items that qualify for reporting in this category.

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

10. Fund balance

- a. Non-Spendable - The non-spendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.
- b. Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.
- c. Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by the formal action of the District's Board of Education should be reported as committed fund balance. The committed amounts cannot be used for any other purpose unless the District's Board of Education removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District did not have committed fund balances for the year ended June 30, 2019.

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

E. Assets, Liabilities, and Net Position or Equity - Cont'd

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

e. Unassigned - The remaining fund balance, after all other classifications, within the general fund is reported as unassigned fund balance. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In governmental funds other than the general fund, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, a negative fund balance will be reported as unassigned fund balance.

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

11. Net Position

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

a. Net investment in capital assets - This component of Net Position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. That portion of the debt is included in restricted for capital projects.

b. Restricted Net Position - Net Position is reported as being restricted when the restriction is either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

c. Unrestricted Net Position - Unrestricted Net Position consists of Net Position that does not meet the definition of "net investment in capital assets" or "restricted."

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

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

E. Assets, Liabilities, and Net Position or Equity - Cont'd

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

12. Indirect Costs

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

13. Estimates

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

14. Inter-fund Transactions

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

15. Revenues

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

A school District's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education, 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$5,198,497 in state equalization guarantee distributions during the year ended June 30, 2019.

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

E. Assets, Liabilities, and Net Position or Equity - Cont'd

Transportation Distribution: School Districts in the State of New Mexico received student transportation distributions. The transportation distribution is allocated to each school District in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school District for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school District. The District received \$622,506 in transportation distributions during the year ended June 30, 2019.

Instructional Materials: The New Mexico Public Education Department (PED) receives federal mineral leasing funds from which it makes annual allocations to the various school Districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the purchase of material listed on the PED 'Multiple List', while fifty percent of each allocation is available for purchases directly from vendors or transfer to the fifty percent account for purchase of material from the "Multiple List". Districts are allowed to carry forward unused textbook funds from year to year. The District received \$18,343 in instructional materials distributions during the year ended June 30, 2019.

16. Tax Abatements

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

NOTE 2- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

These budgets are prepared on the Non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. The budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year. Such appropriated balance is legally restricted and is therefore presented as a reserved portion of fund balance.

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

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

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - CONT'D

A. Budgetary Information - Cont'd

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

1. In April or May, the superintendent submits to the Board of Education a proposed operating budget of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Department of Education.
2. In May or June, the budget is approved by the Board of Education.
3. The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called for.
4. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Department of Education.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds.
6. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for Budget purposes.

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

	<u>Original</u>	<u>Final</u>
Major Funds:		
General Funds	\$ 8,193,074	\$ 8,195,402
Special Revenue Funds:		
Title I	519,012	791,007
Capital Projects Funds:		
Bond Building	1,009,680	1,009,680
Debt Service Funds:		
Debt Service	3,148,314	3,148,314
Nonmajor Funds:		
Special Revenue Funds	1,886,806	2,489,247
Capital Projects Funds	321,013	478,069
Debt Service Fund	-	4,000
	<u> </u>	<u> </u>
Total Budget	<u>\$ 15,077,899</u>	<u>\$ 16,115,719</u>

**STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2- STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY - CONT'D

B. Budgetary Violations

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

C. Deficit Fund Equity

The District had following deficit fund balance as of June 30, 2019. These deficits will be funded by future grants or by the Operational Fund.

<u>Fund Name</u>	<u>Amount</u>
13000 - Transportation Fund	12,754
28133 - Youth Conservation Corp nmemnr	9,547
31100 - Bond Building	58,868
31700 - Capital Improvement SB - 9 (State)	19,839

NOTE 3- DETAILED NOTES ON ALL FUNDS

A. Cash and Temporary Investments

At June 30, 2019, the carrying amount of the District's deposits was \$3,653,936 and the bank balance was \$4,287,552 with the difference consisting of outstanding checks.

	<u>Amount</u>
Financial institution:	
Wells Fargo Bank	\$ 4,213,428
Less agency cash	(82,253)
Less net reconciling items	(633,616)
State agencies:	
New Mexico Finance Authority	<u>74,124</u>
Total cash and equivalents	<u>\$ 3,571,683</u>

Of the total cash and cash equivalents balance, \$250,000 was covered by federal depository insurance and \$2,373,085 was covered by collateral held in joint safekeeping by a third party.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one half of the amount on deposit with the institution. The District does not have a deposit policy for custodial credit risk, other than these following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). The statement listed below will meet the State of New Mexico Office of the State Auditor's requirement in reporting the uninsured portion of the deposits. As of June 30, 2019, \$4,037,552 of the District's bank deposits was exposed to custodial risk as follows:

**STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3- DETAILED NOTES ON ALL FUNDS - CONT'D

A. Cash and Temporary Investments - Cont'd

	<u>Insured</u>	<u>Under Insured</u>	<u>Total</u>
Bank deposits:			
Uninsured and uncollateralized	\$ 1,590,343	\$ -	\$ 1,590,343
Uninsured and collateral held by pledging bank's trust dept not in the District's name	<u>2,447,209</u>	<u>-</u>	<u>2,447,209</u>
Total uninsured	4,037,552	-	4,037,552
Insured (FDIC)	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Total deposits	<u>\$ 4,287,552</u>	<u>\$ -</u>	<u>\$ 4,287,552</u>
State of New Mexico collateral requirement:			
50% of uninsured public fund bank deposits	\$ 2,018,776	\$ -	\$ 2,018,776
Pledged security	<u>2,447,209</u>	<u>-</u>	<u>2,447,209</u>
Over collateralization	<u>\$ 428,433</u>	<u>\$ -</u>	<u>\$ 428,433</u>

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

B. Receivables

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

	<u>Receivables</u>		<u>Due From Other</u>	
	<u>Property Taxes</u>	<u>Grants</u>	<u>Governments</u>	<u>Funds</u>
Major Funds:				
General Funds	\$ 6,316	\$ -	\$ -	\$ 846,848
Title I - IASA	-	499,092	-	-
Debt Service	137,181	-	-	-
Other Governmental Funds	<u>46,054</u>	<u>346,749</u>	<u>1,348</u>	<u>-</u>
Total	<u>\$ 189,551</u>	<u>\$ 845,841</u>	<u>\$ 1,348</u>	<u>\$ 846,848</u>

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3- DETAILED NOTES ON ALL FUNDS - CONT'D

B. Receivables - Cont'd

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

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

	Receivables	Payables
Grant drawdowns prior to meeting all eligibility requirements		
Other Governmental Funds	\$ -	\$ 16,561
Delinquent property taxes		
General Fund	5,587	-
Debt Service	122,141	-
Other Governmental Funds	38,492	-
Total	\$ 166,220	\$ 16,561

C. Inter-Fund Receivables and Payables

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

	Receivables	Payables
Major Funds:		
General Funds	\$ 846,848	\$ -
Title I - IASA	-	499,092
Other Governmental Funds	-	347,756
Total	\$ 846,848	\$ 846,848

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

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3- DETAILED NOTES ON ALL FUNDS - CONT'D

D. Inter-Fund Transfers

The inter-fund transfers during the year ended June 30, 2019 were:

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Funds:		
General Funds	\$ -	\$ 71,523
Debt Service	<u>71,523</u>	<u>-</u>
Total	<u>\$ 71,523</u>	<u>\$ 71,523</u>

The transfers were to clear funds that are no longer being used and were approved by the New Mexico Department of Education.

E. Capital Assets

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

	<u>Beginning Balance</u>	<u>Adjustments</u>	<u>Increases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ <u>63,000</u>	\$ -	\$ -	\$ <u>63,000</u>
Total capital assets not being depreciated	<u>63,000</u>	<u>-</u>	<u>-</u>	<u>63,000</u>
Capital assets being depreciated:				
Land improvements	1,666,902	(23,263)	-	1,643,639
Buildings and improvements	33,853,869	-	-	33,853,869
Furniture, fixtures, and equipment	<u>5,411,720</u>	<u>23,263</u>	<u>56,778</u>	<u>5,491,761</u>
Total capital assets being depreciated	<u>40,932,491</u>	<u>-</u>	<u>56,778</u>	<u>40,989,269</u>
Less: accumulated depreciation for:				
Land improvements	(442,057)	-	(62,999)	(505,056)
Buildings and improvements	(11,675,563)	-	(992,973)	(12,668,536)
Furniture, fixtures, and equipment	<u>(4,861,646)</u>	<u>-</u>	<u>(144,201)</u>	<u>(5,005,847)</u>
Total accumulated depreciation	<u>(16,979,266)</u>	<u>-</u>	<u>(1,200,173)</u>	<u>(18,179,439)</u>
Total capital assets being depreciated, net	<u>23,953,225</u>	<u>-</u>	<u>(1,143,395)</u>	<u>22,809,830</u>
Total capital assets, net	<u>\$ 24,016,225</u>	<u>\$ -</u>	<u>\$ (1,143,395)</u>	<u>\$ 22,872,830</u>

**STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3- DETAILED NOTES ON ALL FUNDS - CONT'D

E. Capital Assets - Cont'd

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

<u>Depreciation Allocation To Functions</u>	
Instruction	\$ 685,640
Support services - students	101,480
Support services - instruction	18,297
Support services - general administration	39,283
Support services - school administration	56,134
Central services	58,466
Operations and maintenance of plant	125,607
Student transportation	72,058
Other support services	97
Food services	36,940
Community services	<u>6,171</u>
Total depreciation expense	<u><u>\$ 1,200,173</u></u>

Construction commitments

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

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3- DETAILED NOTES ON ALL FUNDS - CONT'D

F. Long-Term Debt

General Obligation Bonds

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. Bonds are direct obligations and pledge the full faith and credit of the District. The bonds will be paid from taxes levied against property owners living within the School District boundaries. The details of the bonds and notes as of June 30, 2019 are as follows:

<u>Revenue Bond Issues</u>		<u>Original Amount</u>	<u>Interest Rate</u>	<u>Balance</u>	<u>Current Portion</u>
Series	12/01/06	\$ 725,000	2.63% to 2.99%	\$ 50,000	\$ 50,000
Series	09/27/07	580,000	2.51% to 2.82%	60,000	60,000
Series	10/15/08	900,000	1.31% to 3.38%	175,000	50,000
Series	10/15/09	475,000	0.65% to 3.89%	75,000	25,000
Series	10/29/10	380,000	0.07% to 1.84%	160,000	30,000
Series	12/21/11	540,000	0.00% to 2.65%	270,000	25,000
Series	10/26/12	600,000	0.02% to 2.54%	420,000	50,000
Series	09/27/13	605,000	0.10% to 3.19%	295,000	15,000
Series	10/24/14	1,000,000	0.56% to 1.16%	-	-
Series	05/22/15	1,000,000	0.63% to 2.38%	465,000	50,000
Series	08/26/16	1,000,000	0.75% to 1.04%	45,000	5,000
Series	08/25/17	700,000	1.19% to 2.20%	450,000	50,000
Series	04/27/18	<u>650,000</u>	1.96% to 2.10%	<u>650,000</u>	<u>480,000</u>
Total		\$ <u>9,155,000</u>		\$ <u>3,115,000</u>	\$ <u>890,000</u>

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2020	\$ 890,000	\$ 45,012	\$ 935,012
2021	535,000	30,028	565,028
2022	365,000	20,655	385,655
2023	325,000	14,157	339,157
2024	360,000	9,041	369,041
2025-2028	<u>640,000</u>	<u>9,857</u>	<u>649,857</u>
Total	\$ <u>3,115,000</u>	\$ <u>128,750</u>	\$ <u>3,243,750</u>

**STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3- DETAILED NOTES ON ALL FUNDS - CONT'D

F. Long-Term Debt - Cont'd

Revenue Bonds

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

<u>Revenue Bond Issues</u>	<u>Issue Date</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Balance</u>	<u>Current Portion</u>
Series 2016 Teacherage (3568- PP)	08/26/2016	\$ <u>601,658</u>	0.01% to 1.31%	\$ <u>471,647</u>	\$ <u>64,658</u>
Total		\$ <u>601,658</u>		\$ <u>471,647</u>	\$ <u>64,658</u>

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2020	\$ 64,658	\$ 4,745	\$ 69,403
2021	68,040	4,207	72,247
2022	66,290	3,606	69,896
2023	69,577	2,909	72,486
2024	67,797	2,126	69,923
2025-2026	<u>135,285</u>	<u>1,770</u>	<u>137,055</u>
Total	\$ <u>471,647</u>	\$ <u>19,363</u>	\$ <u>491,010</u>

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3- DETAILED NOTES ON ALL FUNDS - CONT'D

F. Long-Term Debt - Cont'd

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences:					
Compensated vacation	\$ 51,071	\$ 141,381	\$ 89,463	\$ 102,989	\$ 102,989
Bonds payable					
<u>Original Amount</u>	<u>Issue</u>				
\$ 725,000	12/01/06	100,000	-	50,000	50,000
580,000	09/27/07	120,000	-	60,000	60,000
900,000	10/15/08	225,000	-	50,000	175,000
475,000	10/15/09	100,000	-	25,000	75,000
380,000	10/29/10	190,000	-	30,000	160,000
540,000	12/21/11	295,000	-	25,000	270,000
600,000	10/26/12	450,000	-	30,000	420,000
605,000	09/27/13	310,000	-	15,000	295,000
1,000,000	10/24/14	200,000	-	200,000	-
1,000,000	05/22/15	525,000	-	60,000	465,000
1,000,000	08/26/16	50,000	-	5,000	45,000
700,000	08/25/17	700,000	-	250,000	450,000
650,000	04/27/18	<u>650,000</u>	<u>-</u>	<u>650,000</u>	<u>480,000</u>
Total GO bonds payable		<u>3,915,000</u>	<u>-</u>	<u>800,000</u>	<u>3,115,000</u>
Revenue Bonds Payable					
2016 Teacherage (3568-PP)		<u>537,938</u>	<u>-</u>	<u>66,291</u>	<u>471,647</u>
Total		<u>4,504,009</u>	<u>141,381</u>	<u>955,754</u>	<u>3,689,636</u>

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

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

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
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NOTE 4 - OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injury to employees; and natural disasters. The New Mexico Public Schools Insurance Authority (NMPSIA) was formed on April 5, 1985 under the New Mexico Public Schools Insurance Authority Act, Chapter 22, Section 2 of the New Mexico Statutes Annotated (NMSA 1978), as amended, as an insurance fund to provide health, disability and life insurance coverage (benefits coverage), and property, casualty and workers' compensation insurance coverage (risk coverage) to participating public schools, school board members, public school employees, and retirees within the State of New Mexico. The District is one of 91 members that participate in NMPSIA. Participation in NMPSIA is mandatory for all K-12 public schools except those with enrollment exceeding 60,000 students. Participation is voluntary for other public education institutions. The District pays an annual premium to the pool for its general insurance coverage. The agreement for formation of NMPSIA provides that the pool will be self-sustaining through member premiums. NMPSIA establishes self-insured retentions by line of coverage and procures insurance or reinsurance, where indicated, in excess of the self-insured retention on a per occurrence basis. NMPSIA will publish its own financial report for the year ended June 30, 2019.

B. Employee Retirement Plan

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

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

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

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NOTE 4 - OTHER INFORMATION - CONT'D

B. Employee Retirement Plan - Cont'd

All accumulated assets are held by the Plan in trust to pay benefits, including refunds of contributions as defined in the terms of the Plan. Eligibility for membership in the Plan is a condition of employment, as defined in Section 22-11-2, NMSA 1978. Employees of public schools, universities, colleges, junior colleges, 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 was refunded all member contributions, and then becomes re-employed after July 1, 2010 is as follows:

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 - OTHER INFORMATION - CONT'D

B. Employee Retirement Plan - Cont'd

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

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

Benefit Options – The Plan has three benefit options available.

- **Option A – Straight Life Benefit** – The single life annuity option has no reductions to the monthly benefit, and there is no continuing benefit due to a beneficiary or estate, except the balance, if any, of member contributions plus interest less benefits paid prior to the member's death.
- **Option B – Joint 100% Survivor Benefit** – The single life annuity monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the same benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.
- **Option C – Joint 50% Survivor Benefit** – The single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the reduced 50% benefit is paid to the beneficiary for his or her lifetime. 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.

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NOTE 4 - OTHER INFORMATION - CONT'D

B. Employee Retirement Plan - Cont'd

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

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

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

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

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

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

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

The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. For the fiscal years ended June 30, 2019 and 2018, the District paid employee and employer contributions of \$650,457 and \$727,446, which equal the amount of the required contributions for each fiscal year.

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NOTE 4 - OTHER INFORMATION - CONT'D

B. Employee Retirement Plan - Cont'd

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 \$19,959,599 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the 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 at June 30, 2018, actuarially determined. At June 30, 2018, the District's proportion was 0.16785%, which was an increase of 0.00222% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$2,850,962. At June 30, 2019, District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Difference between expected and actual experience	\$ 14,567	\$ 379,863
Change of assumptions	4,113,579	-
Net difference between projected and actual earnings on pension plan investments	44,185	-
Changes in proportion and differences between District contributions and proportionate share of contributions	397,999	-
District contributions subsequent to the measurement date	<u>727,446</u>	<u>-</u>
Total	<u>\$ 5,297,776</u>	<u>\$ 379,863</u>

\$727,446 reported as deferred outflows of resources related to pensions resulting from District's contributions subsequent to the measurement date - will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>June 30,</u>	<u>Amortization</u>
2019	\$ 2,589,714
2020	1,599,645
2021	526
2022	582
2023	-
Thereafter	-

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NOTE 4 - OTHER INFORMATION - CONT'D

B. Employee Retirement Plan - Cont'd

Actuarial Assumptions - The total pension liability in the June 30, 2017 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25% composed of 2.50% inflation, plus a 0.75% productivity increase rate, plus a step-rate promotional increase for members with less than 10 years of service.
Investment rate of return	7.25% compounded annually, net of expenses. This is made up of a 2.50% inflation rate and a 4.75 real rate of return.
Average of Expected Remaining Service Lives	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	<i>Healthy males:</i> Based on the RP-2000 Combined Mortality Table with White Collar adjustments, no set back, generational mortality improvements with Scale BB from the table's base year of 2000. <i>Healthy females:</i> 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. <i>Disabled males:</i> Based on RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB. <i>Disabled females:</i> Based on RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB. <i>Active members:</i> Based on RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table's base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for preretirement mortality.
Retirement Age	Experience-based table rates based on age and service, adopted by the NMERB 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).

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NOTE 4 - OTHER INFORMATION - CONT'D

B. Employee Retirement Plan - Cont'd

Contribution accumulation The accumulated member account balance with interest is estimated at the valuation date by assuming that member contributions increased 5.50% per year for all years prior to the valuation date. Contributions are credited with 4.00% interest, compounded annually, applicable to the account balances in the past as well as the future.

Disability incidence Approved rates are applied to eligible members with at least 10 years of service.

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

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

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

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

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

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

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NOTE 4 - OTHER INFORMATION - CONT'D

B. Employee Retirement Plan - Cont'd

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

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate

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

	<u>1% Decrease (4.69%)</u>	<u>Current Discount Rate (5.69%)</u>	<u>1% Increase (6.69%)</u>
Cuba Independent School District's proportionate share of the net pension liability	\$ 25,939,834	\$ 19,959,599	\$ 15,080,100

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

C. Post-Retirement Health Care Benefits

General Information about the OPEB

Plan description - Employees of the School 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.

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NOTE 4 - OTHER INFORMATION - CONT'D

C. Post-Retirement Health Care Benefits - Cont'd

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

Plan membership		
Current retirees and surviving spouses	\$	51,205
Inactive and eligible for deferred benefit		11,471
Current active members		<u>93,349</u>
	\$	<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>
	\$	<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 to the Fund from the School District were \$104,488 for the year ended June 30, 2019.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At June 30, 2019, the School District reported a liability of \$4,764,927 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The School District’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2018. At June 30, 2018, the School District’s proportion was 0.10958 percent.

For the year ended June 30, 2019, the School District recognized OPEB income of \$113,739. At June 30, 2019 the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - OTHER INFORMATION - CONT'D

C. Post-Retirement Health Care Benefits - Cont'd

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 282,114
Change of assumptions	-	889,591
Net difference between projected and actual investments earnings on OPEB plan investments	-	59,465
Changes in proportion and differences between District contributions and proportionate share of contributions	-	13,771
District contributions subsequent to the measurement date	<u>104,488</u>	<u> </u>
Total	<u>\$ 104,488</u>	<u>\$ 1,244,941</u>

Deferred outflows of resources totaling \$104,488 represent School District contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2020	\$ (315,732)
2021	(315,732)
2022	(315,732)
2023	(244,489)
2024	<u>(53,256)</u>
Total	<u>\$ (1,244,941)</u>

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

Valuation Date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB members; 2.25% for PERA members
Projected payroll increases	3.25% to 12.50%, based on years of service, including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation

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NOTE 4 - OTHER INFORMATION - CONT'D

C. Post-Retirement Health Care Benefits - Cont'd

Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 years for Medicare medical plan costs
Mortality	ERB members: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females) PERA members: RP-2000 Combined Healthy Mortality

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

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

<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 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.

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 4 - OTHER INFORMATION - CONT'D

C. Post-Retirement Health Care Benefits - Cont'd

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

1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
\$ 5,766,684	\$ 4,764,927	\$ 3,975,320

The following presents the net OPEB liability of the School District, as well as what the School 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
\$ 4,028,034	\$ 4,764,927	\$ 5,342,668

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

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

D. Contingent Liabilities

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

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

E. Cash Flows

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

**STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 - OTHER INFORMATION - CONT'D

F. Subsequent Events

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

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO

Schedule-I

CUBA INDEPENDENT SCHOOL DISTRICT NO. 62

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
- EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN
LAST 10 FISCAL YEARS***

Fiscal Year Measurement Date	2019 <u>2018</u>	2018 <u>2017</u>	2017 <u>2016</u>	2016 <u>2015</u>	2015 <u>2014</u>
District's proportion of the net pension liability (asset)	0.167850%	0.165630%	0.160740%	0.151330%	0.156300%
District's proportionate share of the net pension liability (asset)	\$19,959,599	\$18,407,237	\$11,567,547	\$9,802,047	\$ 8,918,048
District's covered-employee payroll	4,497,062	4,716,835	4,589,503	4,301,893	4,308,279
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	443.84%	390.25%	252.04%	227.85%	207.00%
Plan fiduciary net position as a percentage of the total pension liability	52.17%	52.95%	61.58%	63.97%	66.54%

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

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
SCHEDULE OF CONTRIBUTIONS
- EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN
LAST 10 FISCAL YEARS*

Schedule-II

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutory required contributions	\$ 727,446	\$ 650,457	\$ 655,640	\$ 637,940	\$ 597,963
Contributions in relations to the statutorily required contribution	<u>(727,446)</u>	<u>(650,457)</u>	<u>(655,640)</u>	<u>(638,184)</u>	<u>(597,963)</u>
Annual contribution deficiency (excess))	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>\$ (244)</u>	<u>\$ _____ -</u>

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

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED 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%.

STATE OF NEW MEXICO

Schedule-III

CUBA INDEPENDENT SCHOOL DISTRICT NO. 62

SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
- RETIREE HEALTH CARE AUTHORITY (RHCA) OPEB PLAN
LAST 10 FISCAL YEARS*

	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.109580%	0.109880%
District's proportionate share of the net OPEB liability	4,764,927	4,979,402
District's covered-employee payroll	4,701,658	4,716,835
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	101.35%	105.57%
Plan fiduciary net position as a percentage of the total OPEB liability	13.14%	11.34%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for available years.

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
SCHEDULE OF CONTRIBUTIONS
- RETIREE HEALTH CARE AUTHORITY (RHCA) OPEB PLAN
LAST 10 FISCAL YEARS*

Schedule-IV

	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 171,237	\$ 93,583
Contributions in relation to the contractually required contribution	<u>169,146</u>	<u>93,583</u>
Contribution deficiency (excess)	<u>\$ 2,091</u>	<u>\$ -</u>
District's covered-employee Payroll	\$ 4,701,658	\$ 4,679,153
Contribution as a percentage of covered-employee payroll	3.60 %	2%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for available years.

**STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019**

Changes of assumptions - RHCA conducts an actuarial experience study for the Plan on a biennial basis. Based on the six-year actuarial experience study presented to the Board of Trustees on June 30, 2017, RHCA implemented the following changes in assumptions for fiscal years 2017 and 2016.

- 1) Fiscal year 2017 valuation assumptions that changed based on this study:
 - (a) Lower Investment return from 7.75% to 7.25%
 - (b) Lower Inflation rate from 3.00% to 2.50%
 - (c) Minor changes to demographic assumptions

- 2) Assumptions that were not changed:
 - (a) Population growth per year at 0.00%
 - (b) 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

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

OTHER SUPPLEMENTAL INFORMATION

GENERAL FUND

**STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
GENERAL FUND DESCRIPTION
FOR THE YEAR ENDED JUNE 30, 2019**

GENERAL FUNDS

Operating Fund (Fund No. 11000)

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

Teacherage Fund (Fund No. 12000)

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

Transportation Fund (Fund No. 13000)

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

Instructional Materials Fund (Fund No. 14000)

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

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
COMBINING BALANCE SHEET - GENERAL FUNDS
JUNE 30, 2019

Statement C-1

	Operational Fund #11000	Teacherage Fund #12000	Transportation Fund #13000	Instructional Materials Fund#14000
ASSETS				
Cash and cash equivalents	\$ 19,168	\$ 73,276	\$ -	\$ 954
Receivables:				
Property taxes	6,316	-	-	-
Due from other funds	846,848	-	-	-
Total assets	872,332	73,276	-	954
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
LIABILITIES				
Accounts payable	32,548	224	12,754	-
Deposits held for others	-	2101	-	-
Total liabilities	32,548	2325	12,754	-
DEFERRED INFLOWS OF RESOURCES				
Delinquent property taxes	5,587	-	-	-
Total deferred inflows of resources	5,587	-	-	-
FUND BALANCES				
Unassigned	834,197	70951	(12,754)	954
Total fund balances	834,197	70,951	(12,754)	954
Total liabilities, deferred inflows of resources, and fund balances	\$ 872,332	\$ 73,276	\$ -	\$ 954

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
COMBINING BALANCE SHEET - GENERAL FUNDS
JUNE 30, 2019

Statement C-1

	Total General Fund
ASSETS	
Cash and cash equivalents	\$ 93,398
Receivables:	
Property taxes	6,316
Due from other funds	846,848
Total assets	946,562
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	
LIABILITIES	
Accounts payable	45,526
Deposits held for others	2,101
Total liabilities	47,627
DEFERRED INFLOWS OF RESOURCES	
Delinquent property taxes	5,587
Total deferred inflows of resources	5,587
FUND BALANCES	
Unassigned	893,348
Total fund balances	893,348
Total liabilities, deferred inflows of resources, and fund balances	\$ 946,562

STATE OF NEW MEXICO

Statement C-2

CUBA INDEPENDENT SCHOOL DISTRICT NO. 62

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - GENERAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Operational Fund #11000</u>	<u>Teacherage Fund #12000</u>	<u>Transportation Fund #13000</u>	<u>Instructional Materials Fund#14000</u>
REVENUES				
Taxes:				
Property	\$ 50,774	\$ -	\$ -	\$ -
Oil and gas	19,090	-	-	-
Intergovernmental - federal grants	1,581,387	-	-	-
Intergovernmental - state grants	5,198,497	-	622,506	18,343
Charges for services	23,458	33,825	-	-
Miscellaneous	<u>40,521</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>6,913,727</u>	<u>33,825</u>	<u>622,506</u>	<u>18,343</u>
EXPENDITURES				
Current:				
Instruction	3,238,478	-	-	19,746
Support services:				
Students	716,495	-	-	-
Instruction	149,119	-	-	-
General administration	387,075	-	-	-
School administration	604,608	-	-	-
Central services	561,922	-	-	-
Operation and maintenance of plant	1,182,408	50,027	-	-
Student transportation	3,585	-	624,654	-
Other support services	678	-	-	-
Community services	54,912	-	-	-
Capital outlay	<u>36,365</u>	<u>-</u>	<u>6,227</u>	<u>-</u>
Total expenditures	<u>6,935,645</u>	<u>50,027</u>	<u>630,881</u>	<u>19,746</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(21,918)</u>	<u>(16,202)</u>	<u>(8,375)</u>	<u>(1,403)</u>
OTHER FINANCING SOURCES (USES)				
Transfer out	<u>(71,523)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(71,523)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(93,441)	(16,202)	(8,375)	(1,403)
Fund balances - beginning of year	<u>927,638</u>	<u>87,153</u>	<u>(4,379)</u>	<u>2,357</u>
Fund balances - end of year	<u>\$ 834,197</u>	<u>\$ 70,951</u>	<u>\$ (12,754)</u>	<u>\$ 954</u>

CUBA INDEPENDENT SCHOOL DISTRICT NO. 62

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - GENERAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Total General Fund
REVENUES	
Taxes:	
Property	\$ 50,774
Oil and gas	19,090
Intergovernmental - federal grants	1,581,387
Intergovernmental - state grants	5,839,346
Charges for services	57,283
Miscellaneous	40,521
Total revenues	7,588,401
EXPENDITURES	
Current:	
Instruction	3,258,224
Support services:	
Students	716,495
Instruction	149,119
General administration	387,075
School administration	604,608
Central services	561,922
Operation and maintenance of plant	1,232,435
Student transportation	628,239
Other support services	678
Community services	54,912
Capital outlay	42,592
Total expenditures	7,636,299
<i>Excess (deficiency) of revenues over expenditures</i>	<i>(47,898)</i>
OTHER FINANCING SOURCES (USES)	
Transfer out	(71,523)
Total other financing sources (uses)	(71,523)
Net change in fund balances	(119,421)
Fund balances - beginning of year	1,012,769
Fund balances - end of year	\$ 893,348

**STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62**

OPERATIONAL FUND (11000)

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON - GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
REVENUES				
Taxes				
Property	\$ 42,434	\$ 42,434	\$ 51,674	\$ 9,240
Oil and gas	14,644	14,644	22,505	7,861
Intergovernmental - federal grants	929,525	929,525	1,581,387	651,862
Intergovernmental - state grants	5,595,243	5,595,243	5,198,497	(396,746)
Charges for services	13,600	13,600	23,458	9,858
Miscellaneous	-	-	40,521	40,521
Total revenues	<u>6,595,446</u>	<u>6,595,446</u>	<u>6,918,042</u>	<u>322,596</u>
EXPENDITURES				
Current:				
Instruction	3,316,412	3,316,412	3,291,458	24,954
Support services:				
Students	1,005,866	770,166	710,432	59,734
Instruction	176,750	156,450	149,119	7,331
General administration	402,315	421,215	383,276	37,939
School administration	549,036	632,036	605,514	26,522
Central services	574,185	614,085	591,188	22,897
Operation and maintenance of plant	1,117,880	1,170,880	1,080,161	90,719
Student transportation	160,200	221,400	103,585	117,815
Other support services	6,084	6,084	678	5,406
Community services	<u>120,518</u>	<u>120,518</u>	<u>54,034</u>	<u>66,484</u>
Total expenditures	<u>7,429,246</u>	<u>7,429,246</u>	<u>6,969,445</u>	<u>459,801</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(833,800)</u>	<u>(833,800)</u>	<u>(51,403)</u>	<u>782,397</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	-	(71,523)	(71,523)
Total other financing sources (uses)	-	-	(71,523)	(71,523)
Net change in fund balances	(833,800)	(833,800)	(122,926)	710,874
Beginning cash balance budgeted	833,800	833,800	-	(833,800)
Fund balances - beginning of year	-	-	<u>927,638</u>	<u>927,638</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 804,712</u>	<u>\$ 804,712</u>

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
OPERATIONAL FUND (11000)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON - GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2019

RECONCILIATION TO GAAP BASIS:

Adjustments to revenues for property taxes and gas taxes.	\$ (4,315)
Adjustments to expenditures for salaries, general supplies and material, and other contract services.	<u>33,800</u>
Fund balances - end of year (GAAP basis)	<u><u>\$ 834,197</u></u>

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
TEACHERAGE FUND (12000)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON - GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Charges for services	\$ <u>35,000</u>	\$ <u>35,000</u>	\$ <u>33,825</u>	\$ <u>(1,175)</u>
Total revenues	<u>35,000</u>	<u>35,000</u>	<u>33,825</u>	<u>(1,175)</u>
EXPENDITURES				
Current:				
Support services:				
Operation and maintenance of plant	<u>122,950</u>	<u>122,950</u>	<u>51,010</u>	<u>71,940</u>
Total expenditures	<u>122,950</u>	<u>122,950</u>	<u>51,010</u>	<u>71,940</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(87,950)</u>	<u>(87,950)</u>	<u>(17,185)</u>	<u>70,765</u>
Net changes in fund balances	(87,950)	(87,950)	(17,185)	70,765
Beginning cash balance budgeted	87,950	87,950	-	(87,950)
Fund balances - beginning of year	<u>-</u>	<u>-</u>	<u>87,153</u>	<u>87,153</u>
Fund balances - end of year	<u><u>\$ (87,950)</u></u>	<u><u>\$ (87,950)</u></u>	<u><u>\$ 69,968</u></u>	<u><u>\$ 140,733</u></u>
RECONCILIATION TO GAAP BASIS:				
Adjustments to expenditures for salaries, general supplies and material, and other contract services.			<u>983</u>	
Fund balance - end of year (GAAP basis)			<u><u>\$ 70,951</u></u>	

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
PUPIL TRANSPORTATION FUND (13000)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON - GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Intergovernmental - state grants	\$ 622,506	\$ 622,506	\$ 622,506	\$ -
Total revenues	622,506	622,506	622,506	-
EXPENDITURES				
Current:				
Support services:				
Student transportation	622,506	622,506	622,506	-
Total expenditures	622,506	622,506	622,506	-
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
Net change in fund balances	-	-	-	-
Beginning cash balance budgeted	-	-	-	-
Fund balances - beginning of year	-	-	(4,379)	(4,379)
Fund balances - end of year	-	-	(4,379)	(4,379)
RECONCILIATION TO GAAP BASIS:				
Adjustments to expenditures for salaries, general supplies and material, and other contract services.			\$ (8,375)	
Fund balance - end of year (GAAP basis)			\$ (12,754)	

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
INSTRUCTIONAL MATERIALS FUND (14000)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON - GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental - state grants	<u>18,343</u>	<u>20,671</u>	<u>18,343</u>	<u>(2,328)</u>
Total revenues	<u>18,343</u>	<u>20,671</u>	<u>18,343</u>	<u>(2,328)</u>
EXPENDITURES				
Current:				
Instruction	<u>18,372</u>	<u>20,700</u>	<u>19,746</u>	<u>954</u>
Total expenditures	<u>18,372</u>	<u>20,700</u>	<u>19,746</u>	<u>954</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(29)</u>	<u>(29)</u>	<u>(1,403)</u>	<u>(1,374)</u>
Net change in fund balances	(29)	(29)	(1,403)	(1,374)
Beginning cash balance budgeted	29	29	-	(29)
Fund balances - beginning of year	<u>-</u>	<u>-</u>	<u>2,357</u>	<u>2,357</u>
Fund balances - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 954</u>	<u>\$ 954</u>

NONMAJOR GOVERNMENTAL FUNDS

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
NONMAJOR GOVERNMENTAL FUNDS DESCRIPTION
FOR THE YEAR ENDED JUNE 30, 2019

NONMAJOR SPECIAL REVENUE FUNDS

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

Food Service (Fund No. 21000)

Minimum Balance: None

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

Athletics (Fund No. 22000)

Minimum Balance: None

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

Migrant Children Education (Fund No. 24103)

Minimum Balance: None

To account for federal resources administered by the State Public Education Department to provide for special educational needs of migratory agricultural workers. Authorized by the Elementary and Secondary Education Act (ESEA) of 1965, as amended by the No Child Left Behind Act of 2001, Title I, Part C (Public Law 107-110).

Entitlement IDEA-B (Fund No. 24106)

Minimum Balance: None

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

Preschool IDEA-B (Fund No. 24109)

Minimum Balance: None

The Preschool program is for the purpose of enhancing Special Education for handicapped children from ages 3 to 5. The program is funded by the United States government, under the Individuals with Disabilities Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, and 101-476.

Title III English Language (Fund No. 24153)

Minimum Balance: None

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

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
NONMAJOR GOVERNMENTAL FUNDS DESCRIPTION
FOR THE YEAR ENDED JUNE 30, 2019

NONMAJOR SPECIAL REVENUE FUNDS - CONT'D

Title II Teacher Quality (Fund No. 24154)

Minimum Balance: None

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

Rural & Low-Income Schools (Fund No. 24160)

Minimum Balance: None

To provide financial assistance to rural Districts to carry out activities to help improve the quality of teaching and learning in their schools. Elementary and Secondary Education Act, Title VI, Part B.

Title I School Improvement (Fund No. 24162)

Minimum Balance: None

To develop parental involvement in the school curriculum. The program is funded by the United States government under P.L. 100-297.

Carl D Perkins – JAG (Fund No. 24171 & 24172)

Minimum Balance: None

Basic grants assist states and outlying areas to expand and improve their programs of vocational education and provide equal access in vocational education to special need populations. Authorized by Carl D. Perkins Vocational and Applied Technology Education Amendments of 1998, Title I, Public Law 105-332, 20 U.S.C. 2301, et seq.

Title I Comprehensive Support and Improvement (Fund No. 24190)

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

Title I HS Redesign (Fund No. 24191)

Minimum Balance: None

To participate in the inaugural New Mexico High School Redesign Network - serving as a major lever to support the state's high schools in raising their graduation rates.

Johnson O'malley (Fund No. 25131)

Minimum Balance: None

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

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
NONMAJOR GOVERNMENTAL FUNDS DESCRIPTION
FOR THE YEAR ENDED JUNE 30, 2019

NONMAJOR SPECIAL REVENUE FUNDS - CONT'D

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

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

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

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

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

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

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

To provide instructional materials to be used for a dual credit course approved by Higher Education Department (HED) and through a college/ university for which the district has an approved agreement.

Library Go Bonds 2012 (Fund No. 27107) Minimum Balance: None

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

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

To account for monies received from the State of New Mexico used solely for Excellence in Teaching salary supplements for outstanding teachers. Financing and Authority is through the Public Education Department.

**STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
NONMAJOR GOVERNMENTAL FUNDS DESCRIPTION
FOR THE YEAR ENDED JUNE 30, 2019**

NONMAJOR SPECIAL REVENUE FUNDS - CONT'D

Recruitment Support (Fund No. 27128) Minimum Balance: None

To provide support to implement a recruitment, training, and support program to ensure effective, culturally competent, and qualified teachers are placed in New Mexico public schools that have high American Indian student enrollment.

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

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

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

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

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

To account for funds received to provide the opportunity for the District to address early literacy. The fullday kindergarten program is the first step in the implementation of a sequential early literacy approach to teaching reading.

College Counsellor Initiative (Fund No. 27189) Minimum Balance: None

Funding to be used to hire a college advisor solely dedicated to college advisement. College advisors will be hired under STARS assignment code #83 as a Resource Coordinator. The hired Advisor(s) must have an appropriate license in accordance with STARS assignment code #83.

K3 Plus 4 & 5 Pilot (Fund No. 27198) Minimum Balance: None

To account for monies which the New Mexico legislature appropriated for additional education time for kindergarten through 5th grade with at least 25 instructional days beginning up to two months earlier than the regular school year. No minimum balance required according to legislation.

Youth Conservation Corp Nmemnr (Fund No. 28133) Minimum Balance: None

Allows for students to participate in conservation programs at National, State and City Parks as well as study time for academic programs.

DWI NM (Fund No. 28145) Minimum Balance: None

To provide education program to facilitate prevention activities.

**STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
NONMAJOR GOVERNMENTAL FUNDS DESCRIPTION
FOR THE YEAR ENDED JUNE 30, 2019**

NONMAJOR SPECIAL REVENUE FUNDS - CONT'D

Life Link (Fund No. 29102) Minimum Balance: None
To assist in the assessment of behavior health needs.

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

Exemplary School Based Health Center (Fund No. 29131) Minimum Balance: None
To provide a comprehensive array of school based behavioral health programs and services for school students.

NONMAJOR CAPITAL PROJECTS FUNDS

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

Special Capital Outlay - Federal (Fund No. 31500) Minimum Balance: None
This fund is used to account for a Federal Grant to Fund Wherry Elementary School at Kirtland Air Force Base. The Grant award is restricted and intended to address capacity or facility condition deficiencies. Financing is provided by the Department of Defense's Public Schools on Military Installations Programs.

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

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

NONMAJOR DEBT SERVICE FUNDS

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

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

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
COMBINING BALANCE SHEET
- NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

Statement A-1

	Special Revenue Funds			
	21000-Food Services	22000- Athletics	24103- Migrant Children Education	24106- Entitlement IDEA-B
ASSETS				
Cash and cash equivalents	\$ 100,579	\$ 9,704	\$ 194	\$ -
Receivables:				
Property taxes	-	-	-	-
Grant	-	-	-	104,290
Due from other governments	-	-	-	-
Food inventory	<u>10,808</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>111,387</u>	<u>9,704</u>	<u>194</u>	<u>104,290</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
LIABILITIES				
Accounts payable	-	-	-	44
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,246</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,290</u>
DEFERRED INFLOWS OF RESOURCES				
Delinquent property taxes	-	-	-	-
Advances of federal, state, and local grants	<u>-</u>	<u>-</u>	<u>194</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>194</u>	<u>-</u>
FUND BALANCE				
Non-spendable:				
Inventories	10,808	-	-	-
Restricted for:				
Special revenue funds	100,579	9,704	-	-
Capital projects funds	-	-	-	-
Debt service	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>111,387</u>	<u>9,704</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 111,387</u>	<u>\$ 9,704</u>	<u>\$ 194</u>	<u>\$ 104,290</u>

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
COMBINING BALANCE SHEET
- NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

Statement A-1

	Special Revenue Funds			
	24109- Preschool IDEA-B	24153- English language Acquisition	24154-Teacher/ Principal Training & Recruiting	24160-Rural & Low Income Schools
ASSETS				
Cash and cash equivalents	\$ 8,744	\$ -	\$ -	\$ -
Receivables:				
Property taxes	-	-	-	-
Grant	-	10,495	10,649	6,174
Due from other governments	-	-	-	-
Food inventory	-	-	-	-
Total assets	8,744	10,495	10,649	6,174
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
LIABILITIES				
Accounts payable	-	-	760	-
Due to other funds	-	10,495	9,889	6,174
Total liabilities	-	10,495	10,649	6,174
DEFERRED INFLOWS OF RESOURCES				
Delinquent property taxes	-	-	-	-
Advances of federal, state, and local grants	8,744	-	-	-
Total deferred inflows of resources	8,744	-	-	-
FUND BALANCE				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Debt service	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	-	-	-	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 8,744	\$ 10,495	\$ 10,649	\$ 6,174

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
COMBINING BALANCE SHEET
- NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

Statement A-1

	Special Revenue Funds			
	24162-Title I School Improvement	24171-CARL D Perkins Special Projects	24172-CARL D Perkins Special Projects-PY	24190-Title I Comprehensive Support and Improvement
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables:				
Property taxes	-	-	-	-
Grant	-	24,436	-	92,765
Due from other governments	-	-	-	-
Food inventory	-	-	-	-
Total assets	-	24,436	-	92,765
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
LIABILITIES				
Accounts payable	-	24,436	-	-
Due to other funds	-	-	-	92,765
Total liabilities	-	24,436	-	92,765
DEFERRED INFLOWS OF RESOURCES				
Delinquent property taxes	-	-	-	-
Advances of federal, state, and local grants	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCE				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Debt service	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	-	-	-	-
Total liabilities, deferred inflows of resources, and fund balances	\$ -	\$ 24,436	\$ -	\$ 92,765

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
COMBINING BALANCE SHEET
- NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

Statement A-1

	Special Revenue Funds			
	24191-Title I HS Redesign	25131- Johnson O'malley	25145- Impact Aid Special Education	25147- Impact Aid Indian Education
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 47,707	\$ 192,848
Receivables:				
Property taxes	-	-	-	-
Grant	9,484	10,307	-	-
Due from other governments	-	-	-	-
Food inventory	-	-	-	-
Total assets	9,484	10,307	47,707	192,848
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
LIABILITIES				
Accounts payable	-	4,157	-	1,261
Due to other funds	9,484	6,150	-	-
Total liabilities	9,484	10,307	-	1,261
DEFERRED INFLOWS OF RESOURCES				
Delinquent property taxes	-	-	-	-
Advances of federal, state, and local grants	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCE				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	47,707	191,587
Capital projects funds	-	-	-	-
Debt service	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	-	-	47,707	191,587
Total liabilities, deferred inflows of resources, and fund balances	\$ 9,484	\$ 10,307	\$ 47,707	\$ 192,848

STATE OF NEW MEXICO
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COMBINING BALANCE SHEET
- NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

Statement A-1

	Special Revenue Funds			
	25153-Title XIX Medicaid 3/21 Years	25184-Indian Education Formula Grant	27103-Dual Credit Instruction	27107-2012 G.O. Bond Student Library Fund
ASSETS				
Cash and cash equivalents	\$ 205,336	\$ 7,623	\$ -	\$ -
Receivables:				
Property taxes	-	-	-	-
Grant	-	-	-	950
Due from other governments	-	-	1,348	-
Food inventory	-	-	-	-
Total assets	205,336	7,623	1,348	950
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
LIABILITIES				
Accounts payable	151	-	-	-
Due to other funds	-	-	1,348	950
Total liabilities	151	-	1,348	950
DEFERRED INFLOWS OF RESOURCES				
Delinquent property taxes	-	-	-	-
Advances of federal, state, and local grants	-	7,623	-	-
Total deferred inflows of resources	-	7,623	-	-
FUND BALANCE				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	205,185	-	-	-
Capital projects funds	-	-	-	-
Debt service	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	205,185	-	-	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 205,336	\$ 7,623	\$ 1,348	\$ 950

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
COMBINING BALANCE SHEET
- NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

Statement A-1

	Special Revenue Funds			
	27125- Excellence in Teaching Awards	27128- Teacher Recruitment	27149-Pre - K Initiative	27150-Indian Education Act
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables:				
Property taxes	-	-	-	-
Grant	-	-	44,270	15,162
Due from other governments	-	-	-	-
Food inventory	-	-	-	-
Total assets	-	-	44,270	15,162
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
LIABILITIES				
Accounts payable	-	-	-	-
Due to other funds	-	-	44,270	15,162
Total liabilities	-	-	44,270	15,162
DEFERRED INFLOWS OF RESOURCES				
Delinquent property taxes	-	-	-	-
Advances of federal, state, and local grants	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCE				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Debt service	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	-	-	-	-
Total liabilities, deferred inflows of resources, and fund balances	\$ -	\$ -	\$ 44,270	\$ 15,162

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
COMBINING BALANCE SHEET
- NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

Statement A-1

	Special Revenue Funds			
	27166- Kindergarten - Three Plus	27189- College Counsellor Initiative	27198-K3 Plus 4&5 Pilot	28133-Youth Conservation Corp Nmemnr
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables:				
Property taxes	-	-	-	-
Grant	13,510	-	4,257	-
Due from other governments	-	-	-	-
Food inventory	-	-	-	-
Total assets	13,510	-	4,257	-
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
LIABILITIES				
Accounts payable	-	-	-	330
Due to other funds	13,510	-	4,257	9,217
Total liabilities	13,510	-	4,257	9,547
DEFERRED INFLOWS OF RESOURCES				
Delinquent property taxes	-	-	-	-
Advances of federal, state, and local grants	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCE				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Debt service	-	-	-	-
Unassigned	-	-	-	(9,547)
Total fund balances	-	-	-	(9,547)
Total liabilities, deferred inflows of resources, and fund balances	\$ 13,510	\$ -	\$ 4,257	\$ -

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
COMBINING BALANCE SHEET
- NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

Statement A-1

	Special Revenue Funds			
	28145-DWI NM	29102- Private Dir Grants	29130-School based Health Centers	29131- Behavioral Health Services
ASSETS				
Cash and cash equivalents	\$ 306	\$ 467	\$ -	\$ -
Receivables:				
Property taxes	-	-	-	-
Grant	-	-	-	-
Due from other governments	-	-	-	-
Food inventory	-	-	-	-
Total assets	306	467	-	-
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
LIABILITIES				
Accounts payable	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	-	-	-	-
DEFERRED INFLOWS OF RESOURCES				
Delinquent property taxes	-	-	-	-
Advances of federal, state, and local grants	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCE				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	306	467	-	-
Capital projects funds	-	-	-	-
Debt service	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	306	467	-	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 306	\$ 467	\$ -	\$ -

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
COMBINING BALANCE SHEET
- NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

Statement A-1

		Capital Projects Funds		
	Total Non- Major Special Revenue Funds	31500-Special Capital Outlay- Federal	31700- Capital Improvement SB-9(State)	31701- Capital Improvement SB-9(Local)
ASSETS				
Cash and cash equivalents	\$ 573,508	\$ 31,613	\$ -	\$ 115,419
Receivables:				
Property taxes	-	-	-	29,548
Grant	346,749	-	-	-
Due from other governments	1,348	-	-	-
Food inventory	<u>10,808</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>932,413</u>	<u>31,613</u>	<u>-</u>	<u>144,967</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE				
LIABILITIES				
Accounts payable	31,139	11,350	-	26,279
Due to other funds	<u>327,917</u>	<u>-</u>	<u>19,839</u>	<u>-</u>
Total liabilities	<u>359,056</u>	<u>11,350</u>	<u>19,839</u>	<u>26,279</u>
DEFERRED INFLOWS OF RESOURCES				
Delinquent property taxes	-	-	-	25,857
Advances of federal, state, and local grants	<u>16,561</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>16,561</u>	<u>-</u>	<u>-</u>	<u>25,857</u>
FUND BALANCE				
Non-spendable:				
Inventories	10,808	-	-	-
Restricted for:				
Special revenue funds	555,535	-	-	-
Capital projects funds	-	20,263	-	92,831
Debt service	-	-	-	-
Unassigned	<u>(9,547)</u>	<u>-</u>	<u>(19,839)</u>	<u>-</u>
Total fund balances	<u>556,796</u>	<u>20,263</u>	<u>(19,839)</u>	<u>92,831</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 932,413</u>	<u>\$ 31,613</u>	<u>\$ -</u>	<u>\$ 144,967</u>

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
COMBINING BALANCE SHEET
- NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

Statement A-1

	<u>Total Non-Major Capital Projects Funds</u>	<u>43000-Ed Tech Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 147,032	\$ 379,182	\$ 1,099,722
Receivables:			
Property taxes	29,548	16,506	46,054
Grant	-	-	346,749
Due from other governments	-	-	1,348
Food inventory	<u>-</u>	<u>-</u>	<u>10,808</u>
Total assets	<u>176,580</u>	<u>395,688</u>	<u>1,504,681</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE			
LIABILITIES			
Accounts payable	37,629	-	68,768
Due to other funds	<u>19,839</u>	<u>-</u>	<u>347,756</u>
Total liabilities	<u>57,468</u>	<u>-</u>	<u>416,524</u>
DEFERRED INFLOWS OF RESOURCES			
Delinquent property taxes	25,857	12,635	38,492
Advances of federal, state, and local grants	<u>-</u>	<u>-</u>	<u>16,561</u>
Total deferred inflows of resources	<u>25,857</u>	<u>12,635</u>	<u>55,053</u>
FUND BALANCE			
Non-spendable:			
Inventories	-	-	10,808
Restricted for:			
Special revenue funds	-	-	555,535
Capital projects funds	113,094	-	113,094
Debt service	-	383,053	383,053
Unassigned	<u>(19,839)</u>	<u>-</u>	<u>(29,386)</u>
Total fund balances	<u>93,255</u>	<u>383,053</u>	<u>1,033,104</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 176,580</u>	<u>\$ 395,688</u>	<u>\$ 1,504,681</u>

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
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 Funds			
	21000-Food Services	22000- Athletics	24103- Migrant Children Education	24106- Entitlement IDEA-B
REVENUES				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-
Intergovernmental - federal grants	372,535	-	-	179,057
Intergovernmental - state grants	-	-	-	-
Contributions - private grants	-	-	-	-
Charges for service	<u>5,530</u>	<u>44,844</u>	-	-
Total revenues	<u>378,065</u>	<u>44,844</u>	<u>-</u>	<u>179,057</u>
EXPENDITURES				
Current:				
Instruction	-	52,201	-	113,090
Support services:				
Students	-	-	-	1,176
Instruction	-	-	-	-
General Administration	-	-	-	11,931
School Administration	-	-	-	49,098
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	400,067	-	-	-
Capital outlay	55,928	-	-	-
Community services	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,762</u>
Total expenditures	<u>455,995</u>	<u>52,201</u>	<u>-</u>	<u>179,057</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(77,930)</u>	<u>(7,357)</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(77,930)	(7,357)	-	-
Fund balances - beginning of the year	<u>189,317</u>	<u>17,061</u>	<u>-</u>	<u>-</u>
Fund balances - end of the year	<u>\$ 111,387</u>	<u>\$ 9,704</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
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 Funds			
	24109- Preschool IDEA-B	24153-English language Acquisition	24154-Teacher/ Principal Training & Recruiting	24160-Rural & Low Income Schools
REVENUES				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-
Intergovernmental - federal grants	5,292	-	61,893	-
Intergovernmental - state grants	-	-	-	-
Contributions - private grants	-	-	-	-
Charges for service	-	-	-	-
Total revenues	<u>5,292</u>	<u>-</u>	<u>61,893</u>	<u>-</u>
EXPENDITURES				
Current:				
Instruction	599	-	58,086	-
Support services:				
Students	4,340	-	-	-
Instruction	-	-	-	-
General Administration	353	-	3,807	-
School Administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Community services	-	-	-	-
Total expenditures	<u>5,292</u>	<u>-</u>	<u>61,893</u>	<u>-</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	-	-	-	-
Fund balances - beginning of the year	-	-	-	-
Fund balances - end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
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 Funds			
	24162-Title I School Improvement	24171-CARL D Perkins Special Projects	24172-CARL D Perkins Special Projects-PY	24190-Title I Comprehensiv e Support and Improvement
REVENUES				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-
Intergovernmental - federal grants	-	24,436	4,016	199,994
Intergovernmental - state grants	-	-	-	-
Contributions - private grants	-	-	-	-
Charges for service	-	-	-	-
Total revenues	-	24,436	4,016	199,994
EXPENDITURES				
Current:				
Instruction	-	24,436	2,073	186,892
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	13,102
School Administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	1,943	-
Community services	-	-	-	-
Total expenditures	-	24,436	4,016	199,994
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
Net changes in fund balances	-	-	-	-
Fund balances - beginning of the year	-	-	-	-
Fund balances - end of the year	\$ -	\$ -	\$ -	\$ -

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
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 Funds			
	24191-Title I HS Redesign	25131- Johnson O'malley	25145-Impact Aid Special Education	25147-Impact Aid Indian Education
REVENUES				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-
Intergovernmental - federal grants	87,591	27,506	76,765	371,356
Intergovernmental - state grants	-	-	-	-
Contributions - private grants	-	-	-	-
Charges for service	-	-	-	-
Total revenues	87,591	27,506	76,765	371,356
EXPENDITURES				
Current:				
Instruction	82,096	23,201	29,075	231,112
Support services:				
Students	-	3,875	-	102
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	430	-	10,223
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	41,496
Food services operations	-	-	-	-
Capital outlay	5,495	-	-	-
Community services	-	-	-	-
Total expenditures	87,591	27,506	29,075	282,933
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	47,690	88,423
Net changes in fund balances	-	-	47,690	88,423
Fund balances - beginning of the year	-	-	17	103,164
Fund balances - end of the year	\$ -	\$ -	\$ 47,707	\$ 191,587

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
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 Funds			
	25153-Title XIX Medicaid 3/21 Years	25184-Indian Education Formula Grant	27103-Dual Credit Instruction	27107-2012 G.O. Bond Student Library Fund
REVENUES				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-
Intergovernmental - federal grants	146,067	65,764	-	-
Intergovernmental - state grants	-	-	1,348	950
Contributions - private grants	-	-	-	-
Charges for service	-	-	-	-
Total revenues	146,067	65,764	1,348	950
EXPENDITURES				
Current:				
Instruction	37,111	65,764	1,348	-
Support services:				
Students	37,246	-	-	-
Instruction	-	-	-	950
General Administration	-	-	-	-
School Administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	294	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Community services	-	-	-	-
Total expenditures	74,651	65,764	1,348	950
<i>Excess (deficiency) of revenues over expenditures</i>	71,416	-	-	-
Net changes in fund balances	71,416	-	-	-
Fund balances - beginning of the year	133,769	-	-	-
Fund balances - end of the year	\$ 205,185	\$ -	\$ -	\$ -

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
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 Funds			
	27125- Excellence in Teaching Awards	27128- Teacher Recruitment	27149-Pre - K Initiative	27150-Indian Education Act
REVENUES				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-
Intergovernmental - federal grants	-	-	-	-
Intergovernmental - state grants	16,148	-	100,964	35,350
Contributions - private grants	-	-	-	-
Charges for service	-	-	-	-
Total revenues	16,148	-	100,964	35,350
EXPENDITURES				
Current:				
Instruction	16,148	-	100,964	-
Support services:				
Students	-	-	-	35,350
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Community services	-	-	-	-
Total expenditures	16,148	-	100,964	35,350
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
Net changes in fund balances	-	-	-	-
Fund balances - beginning of the year	-	-	-	-
Fund balances - end of the year	\$ -	\$ -	\$ -	\$ -

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
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 Funds			
	27166- Kindergarten - Three Plus	27189-College Counsellor Initiative	27198-K3 Plus 4&5 Pilot	28133-Youth Conservation Corp Nmemnr
REVENUES				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-
Intergovernmental - federal grants	-	-	-	-
Intergovernmental - state grants	54,179	-	4,257	-
Contributions - private grants	-	-	-	-
Charges for service	-	-	-	-
Total revenues	54,179	-	4,257	-
EXPENDITURES				
Current:				
Instruction	54,179	-	4,257	9,547
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Community services	-	-	-	-
Total expenditures	54,179	-	4,257	9,547
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	(9,547)
Net changes in fund balances	-	-	-	(9,547)
Fund balances - beginning of the year	-	-	-	-
Fund balances - end of the year	\$ -	\$ -	\$ -	\$ (9,547)

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
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 Funds			
	28145-DWI NM	29102-Private Dir Grants	29130-School based Health Centers	29131- Behavioral Health Services
REVENUES				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Oil and gas	-	-	-	-
Intergovernmental - federal grants	-	-	-	-
Intergovernmental - state grants	35,000	-	-	-
Contributions - private grants	-	22,000	-	-
Charges for service	-	-	-	-
Total revenues	35,000	22,000	-	-
EXPENDITURES				
Current:				
Instruction	34,701	-	-	-
Support services:				
Students	-	23,443	10	60
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Community services	-	-	-	-
Total expenditures	34,701	23,443	10	60
<i>Excess (deficiency) of revenues over expenditures</i>	299	(1,443)	(10)	(60)
Net changes in fund balances	299	(1,443)	(10)	(60)
Fund balances - beginning of the year	7	1,910	10	60
Fund balances - end of the year	\$ 306	\$ 467	\$ -	\$ -

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
- NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Statement A-2

	Total Non-Major Special Revenue Funds	Capital Project Funds		
		31500-Special Capital Outlay-Federal	31700-Capital Improvement SB-9(State)	31701-Capital Improvement SB-9(Local)
REVENUES				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ 218,856
Oil and gas	-	-	-	76,365
Intergovernmental - federal grants	1,622,272	31,613	-	-
Intergovernmental - state grants	248,196	-	-	-
Contributions - private grants	22,000	-	-	-
Charges for service	50,374	-	-	-
Total revenues	1,942,842	31,613	-	295,221
EXPENDITURES				
Current:				
Instruction	1,126,880	-	-	-
Support services:				
Students	105,602	-	-	-
Instruction	950	-	-	-
General Administration	29,193	-	-	2,228
School Administration	59,751	-	-	-
Operation and maintenance of plant	-	-	19,839	306,851
Student transportation	41,790	-	-	-
Food services operations	400,067	-	-	-
Capital outlay	63,366	11,350	-	92,124
Community services	3,762	-	-	-
Total expenditures	1,831,361	11,350	19,839	401,203
<i>Excess (deficiency) of revenues over expenditures</i>	111,481	20,263	(19,839)	(105,982)
Net changes in fund balances	111,481	20,263	(19,839)	(105,982)
Fund balances - beginning of the year	445,315	-	-	198,813
Fund balances - end of the year	\$ 556,796	\$ 20,263	\$ (19,839)	\$ 92,831

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
- NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Statement A-2

	Total Non-Major Capital Projects Funds	43000-Ed Tech Debt Service	Total Nonmajor Governmental Funds
REVENUES			
Taxes:			
Property	\$ 218,856	\$ 301,885	\$ 520,741
Oil and gas	76,365	84,146	160,511
Intergovernmental - federal grants	31,613	-	1,653,885
Intergovernmental - state grants	-	-	248,196
Contributions - private grants	-	-	22,000
Charges for service	-	-	50,374
	<u>326,834</u>	<u>386,031</u>	<u>2,655,707</u>
Total revenues			
EXPENDITURES			
Current:			
Instruction	-	-	1,126,880
Support services:			
Students	-	-	105,602
Instruction	-	-	950
General Administration	2,228	2,979	34,400
School Administration	-	-	59,751
Operation and maintenance of plant	326,690	-	326,690
Student transportation	-	-	41,790
Food services operations	-	-	400,067
Capital outlay	103,474	-	166,840
Community services	-	-	3,762
	<u>432,392</u>	<u>2,979</u>	<u>2,266,732</u>
Total expenditures			
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(105,558)</u>	<u>383,052</u>	<u>388,975</u>
Net changes in fund balances	(105,558)	383,052	388,975
Fund balances - beginning of the year	<u>198,813</u>	<u>1</u>	<u>644,129</u>
Fund balances - end of the year	<u>\$ 93,255</u>	<u>\$ 383,053</u>	<u>\$ 1,033,104</u>

SUPPORTING SCHEDULES

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
- ALL AGENCY FUNDS
JUNE 30, 2019

Schedule - V

	<u>Balance June</u> <u>30, 2018</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June</u> <u>30, 2019</u>
ASSETS				
Cash and cash equivalents:				
Cuba High School	\$ 68,885	\$ 70,258	\$ 66,236	\$ 72,907
Cuba Middle School	5,360	5,350	5,371	5,339
Cuba Intermediate School	<u>4,523</u>	<u>3,955</u>	<u>4,471</u>	<u>4,007</u>
Total	<u>78,768</u>	<u>79,563</u>	<u>76,078</u>	<u>82,253</u>
LIABILITIES				
Deposits held for others	<u>78,768</u>	<u>79,563</u>	<u>76,078</u>	<u>82,253</u>
Total	<u>\$ 78,768</u>	<u>\$ 79,563</u>	<u>\$ 76,078</u>	<u>\$ 82,253</u>

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY
FOR PUBLIC FUNDS
JUNE 30, 2019

Schedule - VI

	<u>Wells Fargo Bank</u>	<u>New Mexico Finance Authority</u>	<u>Total</u>
Cash on deposit at June 30, 2019:			
Checking and savings	\$ 4,213,428	\$ 74,124	\$ 4,287,552
Less: FDIC coverage	<u>(250,000)</u>	<u>-</u>	<u>(250,000)</u>
Uninsured funds	<u>3,963,428</u>	<u>74,124</u>	<u>4,037,552</u>
Amount requiring pledged collateral:			
50% collateral requirement	1,981,714	37,062	2,018,776
Pledged collateral	<u>2,373,085</u>	<u>74,124</u>	<u>2,447,209</u>
Excess (deficiency) of pledged collateral	<u>\$ 391,371</u>	<u>\$ 37,062</u>	<u>\$ 428,433</u>

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

<u>Wells Fargo Bank:</u>	<u>Maturity</u>	<u>CUSIP #</u>	<u>Market Value</u>
FNMA	09/01/2042	31417DAK9	\$ 1,674,046
FNMA	07/01/2036	31418B6J0	<u>699,039</u>
			<u>\$ 2,373,085</u>

The above securities are held at Bank of New York Mellon, New York, NY.

State of New Mexico:

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

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
CASH RECONCILIATION
JUNE 30, 2019

Schedule - VII

	<u>Beginning Cash</u>	<u>Receipts</u>	<u>Distributions</u>	<u>Other</u>	<u>Net Cash End of Period</u>	<u>Adjustments to the Report</u>	<u>Total Cash on Report</u>
Operations	\$ 569,414	\$ 6,918,043	\$ 6,960,079	\$ (508,210)	\$ 19,168	\$ -	\$ 19,168
Teacherage	90,461	33,825	51,010	-	73,276	-	73,276
Transportation	-	622,506	622,506	-	-	-	-
Instructional Materials	2,357	18,343	19,746	-	954	-	954
Food Services	171,920	358,188	429,529	-	100,579	-	100,579
Athletics	17,851	44,844	52,991	-	9,704	-	9,704
Federal Flowthrough Funds	13,810	856,388	1,275,283	414,023	8,938	-	8,938
Federal Direct Funds	241,453	694,529	477,864	(4,604)	453,514	-	453,514
State Flowthrough Funds	-	193,860	213,195	19,335	-	-	-
State Direct Funds	7	35,000	43,918	9,217	306	-	306
Local/State	1,980	22,000	23,513	-	467	-	467
Bond Building	201,706	2,425	124,714	-	79,417	-	79,417
Special Capital Outlay - State	-	31,613	-	-	31,613	-	31,613
Capital Improvements SB-9	-	19,444	19,839	395	-	-	-
Capital Improvements SB-9	182,227	312,647	379,455	-	115,419	-	115,419
Debt Service	1,942,644	1,220,870	935,892	71,524	2,299,146	-	2,299,146
Ed Tech Debt Service	1	382,161	2,980	-	379,182	-	379,182
Agency Funds	-	-	-	-	-	82,253	82,253
Total	\$ 3,435,831	\$ 11,766,686	\$ 11,632,514	\$ 1,680	\$ 3,571,683	\$ 82,253	\$ 3,653,936

<u>Account Name</u>	<u>Account Type</u>	<u>Bank Name</u>	<u>Bank Amount</u>	<u>Adjustments to report:</u>	
Operational	Checking	Wells Fargo	\$ 4,213,428	Agency funds	\$ 82,253
Capital projects	Escrow	NMFA	74,124	Interfund loans - pooled cash	-
			<u>\$ 4,287,552</u>	Interfund loans - pooled cash	-
				Total adjustment to the report	\$ 82,253
				<u>Adjustments to cash:</u>	
				Bank Balance	\$ 4,287,552
				Cash on hand	-
				Outstanding deposits	-
				Outstanding checks	(633,616)
				Errors	-
				Total adjusted cash	\$ 3,653,936

COMPLIANCE SECTION

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

Mr. Brian S. Colón,
State Auditor of the State of New Mexico
The Board of Education and Audit Committee of
Cuba Independent School District No. 62
Cuba, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparison of the General Fund and major special revenue funds of the Cuba Independent School District No. 62 (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Cuba Independent School District No. 62's basic financial statements, and the combining and individual funds and related budgetary comparisons of Cuba Independent School District No. 62, presented as supplementary information, and have issued our report thereon dated November 15, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered Cuba Independent School District No. 62's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cuba Independent School District No. 62's internal control. Accordingly, we do not express an opinion on the effectiveness of Cuba Independent School District No. 62'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 Cuba Independent School District No. 62's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider as items 2019-001 and 2019-003 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cuba Independent School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or pursuant to Section 12-6-5, NMSA 1978 and which are described in the accompanying schedule of findings and questioned costs as an item 2019-002.

The District's Response to Findings

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

Purpose of this Report

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

Harshwal & Company LLP

Albuquerque, New Mexico

November 15, 2019

FEDERAL FINANCIAL ASSISTANCE

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

Mr. Brian S.Colón,
State Auditor of the State of New Mexico
The Board of Education and Audit Committee of
Cuba Independent School District No. 62
Cuba, New Mexico

Report on Compliance for Each Major Federal Program

We have audited the Cuba Independent School District No. 62's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Cuba Independent School District No. 62's major federal programs for the year ended June 30, 2019. Cuba Independent School District No. 62's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Cuba Independent School District No. 62's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Cuba Independent School District No. 62's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Cuba Independent School District No. 62 's compliance.

Opinion on Each Major Federal Program

In our opinion, the Cuba Independent School District No. 62, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the Cuba Independent School District No. 62 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Cuba Independent School District No. 62's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Cuba Independent School District No. 62's internal control over compliance.

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

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

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

Harshwal & Company LLP

Albuquerque, New Mexico

November 15, 2019

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule - VIII

<u>Federal Grantor/Pass Through Grantor/ Cluster Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through</u>	<u>Passed To Subrecipients</u>	<u>Cluster Programs</u>	<u>Federal Expenditures</u>
<i>U.S. Department of Agriculture:</i>					
Direct Program:					
Forest Reserve	10.665	11000	\$ -	\$ -	\$ <u>3,458</u>
Pass-Through Program From New Mexico Department of Education:					
Child Nutrition Cluster:					
USDA National School Lunch Program	10.555	21000		225,531	-
USDA School Breakfast Program	10.553	21000		<u>203,998</u>	<u>-</u>
Total Child Nutrition Cluster				-	<u>429,529</u>
Pass-Through Program From New Mexico Human Service Department:					
USDA Commodities Program	10.565	21000	-	-	<u>26,466</u>
Total Pass-Through Programs			-	-	<u>455,995</u>
Total U.S. Department of Agriculture			-	-	<u>459,453</u>
<i>U.S. Department of Interior</i>					
Pass-Through Programs From Office of the Navajo Nation:					
Indian Education Assistance to Schools	15.130	25131	-	-	<u>27,506</u>
Total U.S. Department of Interior			-	-	<u>27,506</u>
<i>U.S. Department of Education</i>					
Direct Programs:					
Impact Aid	84.041	11000	-	-	1,499,528
Impact Aid Special Education	84.041	25145	-	-	29,075
Impact Aid Indian Education	84.041	25147	-	-	282,933
Indian Ed Formula Grant	84.060	25184	-	-	<u>65,764</u>

See independent auditor's report.
See accompanying notes to the schedule of expenditures of federal awards.

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule - VIII

<u>Federal Grantor/Pass Through Grantor/ Cluster Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through</u>	<u>Passed To Subrecipients</u>	<u>Cluster Programs</u>	<u>Federal Expenditures</u>
Total Direct Programs			-	-	<u>1,877,300</u>
Pass-Through Programs From New Mexico					
Department of Education:					
Special Education (IDEA) Cluster					
Entitlement IDEA-B	84.027	24106	179,057	-	-
Preschool IDEA-B	84.027A	24109	<u>5,292</u>	-	<u>-</u>
Total Special Education (IDEA) Cluster			-	-	<u>184,349</u>
Title I	84.010	24101	-	-	737,925
Title II Teacher/Principal Training & Recruiting	84.367	24154	-	-	61,893
Carl D Perkins Special Projects	84.048	24171	-	-	24,436
Carl D Perkins Special Projects PY Unliq. Oblg.	84.048A	24172	-	-	4,016
Title I Comprehensive Support & Improvement	84.010A	24190	-	-	199,994
Title I HS Redesign	84.010A	24191	-	-	<u>87,591</u>
Total Pass-Through Programs			-	-	<u>1,300,204</u>
Total U.S. Department of Education			-	-	<u>3,177,504</u>
Total Expenditures of Federal Awards			-	-	<u>\$ 3,664,463</u>

See independent auditor's report.
See accompanying notes to the schedule of expenditures of federal awards.

**STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Cuba Independent School District No. 62 (District) under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in financial position of the District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 - RECONCILIATION OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TO FINANCIAL STATEMENTS

	<u>Amount</u>
Primary government:	
Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 3,664,463
Nutrition Cluster - USDA Food Service Revenue	(455,995)
Total expenditures funded by other sources	<u>8,631,379</u>
Total expenditures, governmental funds	<u>\$ 11,839,847</u>

**STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 4 - UNEXPENDED FEDERAL AWARDS

There were federal awards received during the year ended June 30, 2019 that were not expended during the year. These awards will be reported in subsequent years when they have been expended. Those amounts are as follows:

	<u>CFDA #</u>	<u>Fund #</u>	<u>Unexpended Awards</u>			<u>Total</u>
			<u>Carryover</u>	<u>2019</u>	<u>Expended</u>	
			<u>From PY</u>	<u>Awards</u>		<u>Unexpended</u>
Impact Aid Special Education	84.041	25145	\$ 17	\$ 76,765	\$ (29,075)	\$ 47,707
Impact Aid Indian Education	84.041	25147	<u>103,164</u>	<u>371,356</u>	<u>(282,933)</u>	<u>191,587</u>
			<u>\$ 103,181</u>	<u>\$ 448,121</u>	<u>\$(312,008)</u>	<u>\$ 239,294</u>

NOTE 5 - INDIRECT COST

There District has not elected to use the 10% de minimis indirect cost.

NOTE 6 - SUBRECIPIENTS

N/A

NOTE 7 - NON-CASH FEDERAL ASSISTANCE

There District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2019 was \$26,466 and is reported in the Schedule of Expenditures of Federal Awards under the Department of Agriculture Commodities program, CFDA number 10.565.

**STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

Schedule IX

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards:

Internal control over major programs

- Material weakness(es) identified? No
- Significant deficiency(ies) identified that are not considered to be material weakness? None reported

Type of auditor's report issued on compliance in accordance with major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with *Uniform Guidance 2 CFR 200.516(a)*? No

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
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84.010	Title I
84.010A	Title I HS Redesign

Dollar threshold used to distinguish between Type A and Type B programs. \$ 750,000

Auditee qualified as low-risk auditee? Yes

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019

Schedule IX

SECTION II - FINANCIAL STATEMENT FINDINGS

2019-001 – Timeliness of Deposits - Significant Deficiency

Condition:

We noted two instances for a total of \$2,693 where the money was not deposited at the bank within 24 hours of receipt.

Criteria:

Section 6.20.2.14A of the New Mexico Administrative Code states, “*School districts shall establish and maintain a cash management program to safeguard cash and provide prompt and accurate reporting that adheres to cash management requirements of the applicable state and federal laws and regulations.*” Additionally, Section 6.20.2.14C of the New Mexico Administrative Code states, “*Money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day. If the distance to the bank is considerable, or the cash collection is limited to small amounts and or low volume and it is impractical to meet the twenty-four hour/one banking day requirement, the local board may request approval from the department for an alternative plan.*”

Effect:

Non-adherence to state statutes places the District in noncompliance and lack of timeliness of deposits could subject the District to a possible occurrence of fraud.

Cause:

Student Activity Fund not adhering to State requirements with respect to the timeliness of depositing public funds.

Auditor's Recommendation:

We recommend the School District’s finance department review the necessary sections of the New Mexico Administrative Code, in respect to cash control standards. Further, the District should ensure that employees involved in the cash receipts process follow and adhere to the Districts policies and procedures as well as to the New Mexico Administrative code with respect to cash. We also recommend that management perform periodic reviews of the cash receipt documentation to ensure that the procedures are operating effectively.

Agency's Response:

Management will work with staff to ensure that deposits are made in a timely manner.

Estimated Completion Date:

12/31/2019

Responsible party:

Superintendent, Principals

**STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

Schedule IX

SECTION II - FINANCIAL STATEMENT FINDINGS - CONT'D

2019-002 - Travel and Per Diem - Compliance and Other Matters

Condition:

During our test work over travel expenditures, we noted two instances for a total of \$450 where the travel request/ reimbursement form was missing the signature of the traveler; one instance where the PO was generated after the travel had taken place.

Criteria:

New Mexico State Statute Section NMAC 2.42.2 and Section 10-8-1 NMSA 1978 Per Diem and Mileage Act sets limits on State and local governments on travel related costs while conducting official government business as well as other travel requirements. The School District's policies and procedures are designed to meet all the requirements of NMAC 2.42.2.1-14 and states in part... "Travel is to be approved by the Building Principal/Department Supervisor, and the Superintendent in advance of trip."

Effect:

Non-compliance with state statute.

Cause:

It appears that this may be due to a lack of oversight in the review and approval of expenditures.

Auditor's Recommendation:

We recommend the School District should implement procedures to ensure required supporting documents are properly filled out and completed prior to the travel taking place. The School District and business management staff needs to ensure that all necessary signatures are recorded on the travel authorization/reimbursement form. Management oversight in this area is necessary to ensure records and reimbursements are reasonable, proper, accurate, and supported.

Agency's Response:

Management will work with staff to ensure that proper documentation is in place and that paperwork is submitted in a timely manner.

Estimated Completion Date:

11/30/2019

Responsible party:

Finance Director, Superintendent

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019

Schedule IX

SECTION II - FINANCIAL STATEMENT FINDINGS - CONT'D

2019-003 - Lack of Control over Payroll and Leave Accrual Noncompliance - Significant Deficiency

Condition:

As per the School District's policies and procedures, employees should request leave five days in advance in order to obtain prior approval from their immediate supervisor and the Superintendent. However, during our testwork over leave request and approval for 13 employees their leave request reports shows that leaves were not requested at least five days prior to the leave taking place and for the Superintendent all of his leave requests were approved by himself.

Criteria:

In accordance with the School District's policy, leave should be approved by the District and must be requested by employees at least five days in advance and be approved by their immediate supervisors as well as the Superintendent.

Effect:

The School District did not adhere to its own policies and procedures and allowing the Superintendent or any employees to approve their own leave can lead to potential unrecorded leave.

Cause:

The School District did not follow its own policies and procedures.

Auditor's Recommendation:

We recommend that management perform a review of the School District's personnel policies and procedures to analyze the daily work flow and draft more conducive policies and procedures to address employees' leave to ensure that policies and procedures in this area are being met.

Agency's Response:

Management has implemented a leave approval system in which no one person is able to approve their own leave. In addition, management will ask the school board to amend its policy to allow a reasonable timeframe in which to submit leave.

Estimated Completion Date:

12/31/2019

Responsible party:

Superintendent, Board

**STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2019**

Schedule IX

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no findings related to the federal award.

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule - X

The District had no finding or questioned cost noted in prior year that require a status.

STATE OF NEW MEXICO
CUBA INDEPENDENT SCHOOL DISTRICT NO. 62
OTHER DISCLOSURES
JUNE 30, 2019

A. AUDITOR PREPARED FINANCIAL STATEMENTS

Management is responsible for the content of the report and financial statements. It would be preferable and desirable for the District to prepare its own GAAP-basis financial statements; although the District is capable, with guidance, of preparing, reviewing and approving the financial statements, it is felt that the District's personnel do not have the time to prepare them. Therefore, the outside auditor prepared the GAAP-basis financial statements and footnotes for inclusion in the annual audit report. The responsibility for the financial statements remains with the District.

B. EXIT CONFERENCE

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

Cuba Independent School District No. 62

Dianna Maestas, Board President

Dr. Carl Stern, Board Member

Dr. Karen Sanchez - Griego, Superintendent

Rhiannon Chavez, Business Manager

Matt Williams, Assistant Superintendent

Harshwal & Company, LLP

Sanwar Harshwal, CPA - Managing
Partner (via phone)

Mariem Tall - Audit Manager