

**State of New Mexico**  
**Deming Public Schools**  
**ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2019**



**CRI** CARR  
RIGGS &  
INGRAM

CPAs and Advisors

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## **Introductory Section**

**Deming Public Schools**  
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**Deming Public Schools  
Official Roster  
June 30, 2019**

<u>Name</u>	<u>Board of Education</u>	<u>Title</u>
W. Bayne Anderson		President
Matt Robinson		Vice President
Sophia Cruz		Secretary
Patricia "Tris" McSherry		Member
William "Billy" Ruiz		Member
<u>School Officials</u>		
Dr. Arsenio Romero		Superintendent
Lesley Doyle		Chief Finance Officer
Joe Adcock		Controller

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## **Financial Section**

## **INDEPENDENT AUDITORS' REPORT**

Brian S. Colón  
New Mexico State Auditor and  
Board of Education  
Office of Management and Budget  
Deming Public Schools  
Deming, New Mexico

### **Report on Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, the discretely presented component unit, the aggregate remaining fund information, and the budgetary comparisons for the General Fund and major special revenue funds of Deming Public Schools (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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, the discretely presented component unit, each major fund, the aggregate remaining fund, and the budgetary comparisons for the General Fund and major special revenue funds information of Deming Public Schools, as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 14 through 20 and the GASB required pension and OPEB schedules, and the notes to the required supplementary information on pages 122 through 130 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our 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 District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, 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* (Uniform Guidance), Supporting Schedules required by 2.2.2 NMAC, and other disclosures as listed in the table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards and Supporting Schedules required by 2.2.2 NMAC as listed in the table of contents required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements

or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards and Supporting Schedules required by 2.2.2 NMAC as listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and other disclosures have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

#### **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.

*Carr, Riggs & Ingram, L.L.C.*

Carr, Riggs & Ingram, LLC  
Albuquerque, New Mexico  
November 15, 2019

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## Deming Public Schools Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2019

### Introduction

The discussion and analysis of Deming Public School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

### Financial Highlights

Key financial highlights for fiscal year 2019 are as follows:

- + The net position of the governmental activities decreased for the fiscal year ended June 30, 2019, by \$13.1 million or 80.52%. This change is due primarily to a decrease in deferred outflows of resources and an increase in the net pension liability, both related to post-employment benefits.
- + Total liabilities of governmental fund activities increased by \$3.9 million or 2.2% from the previous fiscal year.
- + The School District had \$77 million in expenses related to governmental activities; \$22 million of these expenses were offset by program specific charges for services and sales, grants, and contributions. General revenues (primarily consisting of state equalization guarantee, property taxes, and grants and entitlements) of \$41.4 are adequate to cover program specific expenses. The amount of expense over revenue of \$13 million is primarily due to an increase of \$2.66 million in deferred inflows of resources, an increase of \$5.56 in the net pension liability, both related to post-employment benefits and depreciation expense of \$4.3 million.

### Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand Deming Public School District as a financial whole, or as an entire operating entity.

The statement of net position and statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in a single column. For Deming Public School District, the General Fund is the most significant fund.



## Deming Public Schools Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2019

### Reporting the School District as a Whole

#### Statement of Net Position and Statements of Activities

While this report contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2019?" The statement of net position and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

These two statements report the School District's net position and changes in those assets. This change in net position is important because it identifies whether the financial position of the School District has improved or diminished for the School District as a whole. The cause of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, facility conditions, required educational programs, and other factors.

In the statement of net position and the statement of activities, the School District is divided into two distinct kinds of activities:

**Governmental Activities** - Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.

**Deming Public Schools**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2019**

The statement of net position is presented in compressed form below:

	2019	2018	Variance
<b>Assets:</b>			
Current and other assets	\$ 24,560,571	\$ 25,413,701	\$ (853,130)
Capital assets, net of accumulated depreciation	136,536,668	133,870,741	2,665,927
<b>Total assets</b>	<b>161,097,239</b>	<b>159,284,442</b>	<b>1,812,797</b>
<b>Deferred outflows of resources:</b>			
Deferred outflows related to pension plan	29,480,047	37,888,124	(8,408,077)
<b>Total deferred outflows of resources</b>	<b>29,480,047</b>	<b>37,888,124</b>	<b>(8,408,077)</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 190,577,286</b>	<b>\$ 197,172,566</b>	<b>\$ (6,595,280)</b>
<b>Liabilities:</b>			
Current liabilities	\$ 5,877,391	\$ 5,342,253	\$ 535,138
Net pension liability	116,776,438	111,223,590	5,552,848
Other long-term liabilities	53,035,994	55,232,918	(2,196,924)
<b>Total liabilities</b>	<b>175,689,823</b>	<b>171,798,761</b>	<b>3,891,062</b>
<b>Deferred inflows of resources:</b>			
Deferred inflows related to pension plan	11,707,046	9,050,342	2,656,704
<b>Net position:</b>			
Net investment in capital assets	112,208,902	110,946,952	1,261,950
Restricted	17,498,694	20,014,412	(2,515,718)
Unrestricted	(126,527,179)	(114,637,901)	(11,889,278)
<b>Total net position</b>	<b>3,180,417</b>	<b>16,323,463</b>	<b>(13,143,046)</b>
<b>Total liabilities, net position and deferred inflows of resources</b>	<b>\$ 190,577,286</b>	<b>\$ 197,172,566</b>	<b>\$ (6,595,280)</b>



**Deming Public Schools**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2019**

The statement of activities is presented in compressed form below:

	2019	2018	Variance
<b>Program revenues:</b>			
Charges for services	\$ 346,948	\$ 415,117	\$ (68,169)
Operating grants and contributions	15,268,754	14,004,068	1,264,686
Capital grants and contributions	6,759,699	23,486,188	(16,726,489)
<b>General revenues:</b>			
Property taxes	4,886,478	4,966,975	(80,497)
State equalization guarantee	39,978,633	38,565,078	1,413,555
Interest and investment earnings	102,143	134,380	(32,237)
Miscellaneous revenue (expense)	266,871	306,218	(39,347)
Gain (loss) on disposal of capital asset	(3,800,203)	7,256	(3,807,459)
<b>Total revenues</b>	<b>63,809,323</b>	<b>81,885,280</b>	<b>(18,075,957)</b>
<b>Program expenses:</b>			
Instruction	41,824,183	38,927,301	2,896,882
Support services	14,548,599	14,246,223	302,376
Central services	2,365,725	1,888,238	477,487
Operation and maintenance of plant	9,271,935	10,315,016	(1,043,081)
Student transportation	2,899,574	2,551,244	348,330
Food services	5,459,277	4,759,403	699,874
Community service operations	940	-	940
Interest on long-term debt	582,136	505,951	76,185
<b>Total expenses</b>	<b>76,952,369</b>	<b>73,193,376</b>	<b>3,758,993</b>
<b>Increase (decrease) in net position</b>	<b>\$ (13,143,046)</b>	<b>\$ 8,691,904</b>	<b>\$ (21,834,950)</b>
<b>Net position - beginning</b>	<b>16,323,463</b>		
<b>Net position - ending</b>	<b>\$ 3,180,417</b>		



## **Deming Public Schools Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2019**

### **Reporting the School District's Most Significant Funds**

#### **Fund Financial Statements**

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds.

#### **Governmental Funds**

Most of the School District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year-end for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the statement of net position and the statement of activities and the governmental funds is reconciled in the financial statements.

#### **Governmental Activities**

The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The Statement of Activities (shown as on pages 24-25), for government activities, indicates the total cost of services and the net cost of services. It identifies the cost of these services supported by revenues from state entitlements.

The dependence upon revenues from the State of New Mexico for governmental activities is obvious. Seventy one (71%) percent of the governmental activities are supported through general revenues.

#### **The School District's Funds**

The School District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources of \$63.8 million and expenditures and other financing uses of \$76.9 million. The net change in fund balance for the year was a decrease of \$13.1 million.

## Deming Public Schools Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2019

### General Fund Budgeting Highlights

The School District's budget is prepared according to New Mexico law and Public Education Department Regulations and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund which is comprised of Operational, Transportation, and Instructional Materials funds.

During the course of the 2019 fiscal year, the School District amended its General Fund budget as necessary. The School District utilizes a site-based budgeting technique. The budgeting systems are designed to tightly control site/department budgets, and to provide flexibility for site/departmental management.

For the General Fund, final budgeted revenues and other financing sources are equal to budgeted expenditures of \$46.3 million. Actual expenditures were \$42 million. The difference between budget and actual expenditures was primarily due to savings in salaries, and supply costs. Although, savings were experienced throughout the budget.

Actual revenues for the general fund were \$43.1 million with revenues from state sources constituting 93.7% of this total. Actual revenues exceeded actual expenditures by \$1 million.

### Significant Variations Between Original And Final Budgets

#### Significant Variations Between Original and Final Budgets

	<u>Original</u>	<u>Final</u>	<u>Change</u>	<u>% Change</u>
Revenue	\$ 42,438,046	\$ 42,858,142	\$ 420,096	1.0%
Expenditures	\$ 46,009,696	\$ 46,304,261	\$ 294,565	0.6%

The variations between the original and final budgets were not significant during fiscal year 2019. Budgeted revenue increased \$420,096 or 1% from the original to final budget. The expenditure budget increased or 0.6%. The District is required by state law to have a balanced budget.

### Significant Changes in Net Position

There is a significant decrease in the Unrestricted Net Position for the Governmental Funds. The decrease of \$11.8 million is predominantly attributable to the changes of the Net Pension liability assumptions. Additionally, the decrease in the Capital Projects Net Position of \$1 million is due to the capitalization of capital projects during the year.

No other funds experienced significant changes in fund balance.

# Deming Public Schools Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2019

## Capital Assets and Debt Administration

### Capital Assets

During the 2019 fiscal year, the District had a net increase of \$2.6 million. The total additions consisted primarily of the continued construction of Deming High School netted with the disposal of the Old High School and Deming Intermediate School. The District had a net increase of \$749 thousand in equipment and furniture, mainly software and vehicles. At the end of fiscal 2019, the District had \$178.2 million invested in depreciable assets with accumulated depreciation of \$45.1 million, \$2.4 million in land and \$105 thousand in Construction in Progress.

### Debt

At June 30, 2019, the District had outstanding bonds payable of \$26.37 million.

The District is bonded to 73.44% of the legal limit of \$35.8 million. In February 2018, the voters approved the issuance of \$10 million in bonds. The bonds are to be sold in equal amounts of \$2.5 million over a four-year period.

### Factors Impacting Future Periods

The district will also begin renovations on two elementary schools and the sports stadium over the next two years.

The District is not aware of any additional facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during fiscal year 2019. The District will maintain close oversight of resources to ensure our ability to react to any unknown internal and external issues.

### Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. To learn more about the District's strategic plan, goals and program results, please visit our web site at [www.demingps.org](http://www.demingps.org). Questions about this report or additional financial information needs should be directed to:

Dr. Arsenio Romero  
Superintendent  
Deming Public Schools  
1001 S Diamond Ave.  
Deming, NM 88030  
[Arsenio.Romero@demingps.org](mailto:Arsenio.Romero@demingps.org)  
(575) 546-8841

Lesley Doyle  
Chief Finance Officer  
Deming Public Schools  
1001 S Diamond Ave.  
Deming, NM 88030  
[Lesley.Doyle@demingps.org](mailto:Lesley.Doyle@demingps.org)  
(575) 546-8841

## **Basic Financial Statements**

**Deming Public Schools**  
**Statement of Net Position**  
**June 30, 2019**

	Primary Government	Component Unit
	Governmental Activities	Cesar Chavez Charter High School
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 7,262,512	\$ 492,045
Investments	23	-
Receivables:		
Property taxes	977,657	-
Due from other governments	4,538,780	75,393
Inventory	45,646	-
Total current assets	12,824,618	567,438
Noncurrent assets		
Restricted assets:		
Cash and cash equivalents	8,772,553	-
Investments	2,963,400	-
Capital assets, net		
Non-depreciable capital assets	2,526,215	-
Depreciable capital assets	134,010,453	450,218
Total noncurrent assets	148,272,621	450,218
Total assets	161,097,239	1,017,656
<b>Deferred outflows of resources</b>		
Changes in proportion	371,710	211,825
Changes of assumption	24,067,072	807,276
Differences between expected and actual experience	85,227	2,859
Net difference between projected and actual investments earnings on pension plan investments	258,513	8,671
Employer contributions subsequent to the measurement date	4,697,525	159,800
Total deferred outflows of resources	29,480,047	1,190,431
Total assets and deferred outflows of resources	\$ 190,577,286	\$ 2,208,087

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

	<b>Primary Government</b>	<b>Component Unit Cesar Chavez Charter High School</b>
	<b>Governmental Activities</b>	
<b>Liabilities</b>		
Current liabilities		
Accounts payable	\$ 598,192	\$ 3,242
Accrued payroll	2,076,531	25,080
Accrued interest	339,177	-
Accrued compensated absences	223,491	-
Unspent grant funds	-	36,208
Current portion of bonds payable	2,640,000	-
Total current liabilities	5,877,391	64,530
Noncurrent liabilities		
Accrued compensated absences	436,648	-
Bonds payable	23,730,000	-
Net pension liability	116,776,438	3,917,004
Net OPEB liability	27,948,181	944,898
Bond premium, net of accumulated amortization of \$435,212	921,165	-
Total noncurrent liabilities	169,812,432	4,861,902
Total liabilities	175,689,823	4,926,432
<b>Deferred inflows of resources</b>		
Changes in proportion	2,263,308	113,176
Changes of assumption	5,217,801	176,408
Differences between expected and actual experience	3,877,154	130,491
Net difference between projected and actual investments earnings on pension plan investments	348,783	11,792
Total deferred inflows of resources	11,707,046	431,867
<b>Net position</b>		
Net investment in capital assets	112,208,902	450,218
Restricted for:		
Debt service	4,029,380	-
Capital projects	8,418,499	(20,208)
Special revenue	5,050,815	11,394
Unrestricted	(126,527,179)	(3,591,616)
Total net position	3,180,417	(3,150,212)
Total liabilities, deferred inflows of resources, and net position	\$ 190,577,286	\$ 2,208,087

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

**Deming Public Schools**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

<b>Functions/Programs</b>	<u>Program Revenues</u>	
	<b>Expenses</b>	<b>Charges for Services</b>
<b>Primary government:</b>		
<b>Governmental activities:</b>		
Instruction	\$ 41,824,183	\$ 208,654
Support services - students	6,189,045	30,877
Support services - instruction	2,134,615	10,650
Support services - general administration	1,786,356	8,912
Support services - school administration	4,438,583	22,144
Central services	2,365,725	11,803
Operation and maintenance of plant	9,271,935	46,258
Student transportation	2,899,574	-
Food services operations	5,459,277	7,645
Community services operations	940	5
Interest and other charges	582,136	-
<b>Total governmental activities</b>	<b>\$ 76,952,369</b>	<b>\$ 346,948</b>
<b>Component Unit:</b>		
Cesar Chavez Charter High School	\$ 2,654,379	\$ -

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



Program Revenues		Net (Expense) Revenue and Changes in Net Position		
Operating Grants and Contributions	Capital Grants and Contributions	Government Activities	Component Unit	
\$ 7,966,441	\$ 4,156,992	\$ (29,492,096)	\$ -	
1,178,855	615,142	(4,364,171)	-	
406,590	212,164	(1,505,211)	-	
340,255	177,550	(1,259,639)	-	
845,437	441,160	(3,129,842)	-	
450,610	235,134	(1,668,178)	-	
1,766,068	921,557	(6,538,052)	-	
2,000,978	-	(898,596)	-	
313,520	-	(5,138,112)	-	
-	-	(935)	-	
-	-	(582,136)	-	
<u>\$ 15,268,754</u>	<u>\$ 6,759,699</u>	<u>(54,576,968)</u>		
<u>\$ 109,437</u>	<u>\$ 43,082</u>		<u>(2,501,860)</u>	
<b>General revenues</b>				
Taxes:				
Property taxes, levied for operating programs		291,914	-	
Property taxes, levied for debt services		3,425,492	-	
Property taxes, levied for capital projects		1,169,072	-	
State equalization guarantee		39,978,633	1,638,389	
Investment income		102,143	59,269	
Miscellaneous income		266,871	-	
Loss on disposition of assets		(3,800,203)	-	
Total general revenues		41,433,922	1,697,658	
Change in net position		(13,143,046)	(804,202)	
Net position - beginning		16,323,463	(2,346,010)	
Net position - ending		\$ 3,180,417	\$ (3,150,212)	

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

**Deming Public Schools**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	General Fund 11000, 13000, 14000	Special Revenue	
		Food Services Fund 21000	Title I - IASA 24101
<b>Assets</b>			
Cash and cash equivalents	\$ 2,408,164	\$ 3,820,338	\$ -
Investments	23	-	-
Receivables:			
Property taxes	58,755	-	-
Due from other governments	82,598	417,160	1,752,460
Inventory	-	45,646	-
Due from other funds	3,713,471	-	-
<b>Total assets</b>	<b>\$ 6,263,011</b>	<b>\$ 4,283,144</b>	<b>\$ 1,752,460</b>
<b>Liabilities, deferred inflows of resources, and fund balances</b>			
<b>Liabilities</b>			
Accounts payable	\$ 671,045	\$ 118,862	\$ 4,688
Accrued payroll	1,204,812	69,381	128,515
Due to other funds	-	-	1,619,257
<b>Total liabilities</b>	<b>1,875,857</b>	<b>188,243</b>	<b>1,752,460</b>
<b>Deferred inflows of resources</b>			
Unavailable revenue - property taxes	48,732	-	-
<b>Total deferred inflows of resources</b>	<b>48,732</b>	<b>-</b>	<b>-</b>
<b>Fund balances</b>			
<b>Nonspendable:</b>			
Inventory	-	45,646	-
<b>Spendable</b>			
<b>Restricted for:</b>			
Food services	-	4,049,255	-
Extracurricular activities	-	-	-
Education	-	-	-
Capital acquisitions and improvements	-	-	-
Debt service	-	-	-
<b>Committed for:</b>			
Subsequent year's expenditures	3,334,446	-	-
Unassigned	1,003,976	-	-
<b>Total fund balances</b>	<b>4,338,422</b>	<b>4,094,901</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 6,263,011</b>	<b>\$ 4,283,144</b>	<b>\$ 1,752,460</b>

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

<b>Capital Improvements</b>					
<b>Bond Building</b>	<b>SB-9 Capital Projects</b>	<b>Debt Service</b>	<b>Nonmajor</b>		
<b>31100</b>	<b>Fund - Local</b>	<b>41000</b>	<b>Governmental</b>	<b>Funds</b>	<b>Total</b>
	<b>31701</b>				
\$ 453,896	\$ 5,022,194	\$ 3,150,433	\$ 1,180,040	\$	16,035,065
2,963,400	-	-	-		2,963,423
-	235,808	683,094	-		977,657
-	-	-	2,286,562		4,538,780
-	-	-	-		45,646
-	-	-	-		3,713,471
<b>\$ 3,417,296</b>	<b>\$ 5,258,002</b>	<b>\$ 3,833,527</b>	<b>\$ 3,466,602</b>	<b>\$</b>	<b>28,274,042</b>
\$ 131,090	\$ 105,108	\$ -	59,245	\$	1,090,038
-	-	-	181,977		1,584,685
-	-	-	2,094,214		3,713,471
<b>131,090</b>	<b>105,108</b>	<b>-</b>	<b>2,335,436</b>		<b>6,388,194</b>
-	195,620	566,868	-		811,220
-	195,620	566,868	-		811,220
-	-	-	-		45,646
-	-	-	-		4,049,255
-	-	-	192,749		192,749
-	-	-	763,191		763,191
3,286,206	4,957,274	-	-		8,243,480
-	-	3,266,659	195,853		3,462,512
-	-	-	-		3,334,446
-	-	-	(20,627)		983,349
<b>3,286,206</b>	<b>4,957,274</b>	<b>3,266,659</b>	<b>1,131,166</b>		<b>21,074,628</b>
<b>\$ 3,417,296</b>	<b>\$ 5,258,002</b>	<b>\$ 3,833,527</b>	<b>\$ 3,466,602</b>	<b>\$</b>	<b>28,274,042</b>

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

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**Deming Public Schools**  
**Reconciliation of the Governmental Funds Balance Sheet to the**  
**Statement of Net Position**  
**June 30, 2019**

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

Fund balances - total governmental funds	\$	21,074,628
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds		136,536,668
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the statement of activities		811,220
Deferred outflows and inflows of resources related to pensions and other post-employment benefits are applicable to future periods and, therefore, are not reported in funds:		
Deferred outflows related to changes in proportion		371,710
Deferred outflows related to changes of assumption		24,067,072
Deferred outflows related to differences between expected and actual experience		85,227
Deferred outflows related to employer contribution subsequent to measurement date		4,697,525
Deferred inflows related to net difference between projected and actual investment earnings on pension plan investments		(90,270)
Deferred inflows related to changes in proportion		(2,263,308)
Deferred inflows related to changes of assumption		(5,217,801)
Deferred inflows related to differences between expected and actual experience		(3,877,154)
Liabilities, including bonds payable, and net pension liability are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued compensated absences not due and payable		(660,139)
Accrued interest payable		(339,177)
Bonds payable		(26,370,000)
Bond premium, net of accumulated amortization		(921,165)
Net pension liability		(116,776,438)
OPEB liability		(27,948,181)
Total net position - governmental funds	\$	3,180,417

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

**Deming Public Schools**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2019**

	General Fund 11000, 13000, 14000	Special Revenue	
		Food Services Fund 21000	Title I - IASA 24101
<b>Revenues</b>			
Property taxes	\$ 295,829	\$ -	\$ -
Intergovernmental revenue:			
Federal flowthrough	288,480	3,928,260	3,164,871
Federal direct	-	-	-
Local sources	170,085	-	-
State flowthrough	233,902	-	-
State direct	39,978,633	-	-
Transportation distribution	2,000,978	-	-
Charges for services	145,656	7,645	-
Investment income	1,522	9,317	-
Miscellaneous	328	-	-
<b>Total revenues</b>	<b>43,115,413</b>	<b>3,945,222</b>	<b>3,164,871</b>
<b>Expenditures</b>			
Current:			
Instruction	23,464,803	-	2,425,377
Support services - students	3,823,383	-	268,378
Support services - instruction	1,315,369	-	279,418
Support services - general administration	1,133,383	117,845	97,115
Support services - school administration	2,785,351	-	32,036
Central services	1,462,815	-	60,528
Operation and maintenance of plant	5,801,644	-	2,019
Student transportation	2,291,362	-	-
Food services operations	-	4,650,631	-
Community services operations	-	-	-
Capital outlay	5,371	557,012	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
<b>Total expenditures</b>	<b>42,083,481</b>	<b>5,325,488</b>	<b>3,164,871</b>
Excess (deficiency) of revenues over expenditures	1,031,932	(1,380,266)	-
Other financing sources			
Proceeds from sale of capital assets	73,953	-	-
Bond proceeds	-	-	-
<b>Total other financing sources</b>	<b>73,953</b>	<b>-</b>	<b>-</b>
Net change in fund balances	1,105,885	(1,380,266)	-
Fund balances - beginning of year	3,232,537	5,475,167	-
<b>Fund balances - end of year</b>	<b>\$ 4,338,422</b>	<b>\$ 4,094,901</b>	<b>\$ -</b>

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

<b>Capital Improvements</b>				
<b>Bond Building</b>	<b>SB-9 Capital Projects</b>	<b>Debt Service</b>	<b>Nonmajor</b>	<b>Total</b>
<b>31100</b>	<b>Fund - Local</b>	<b>41000</b>	<b>Governmental</b>	
	<b>31701</b>		<b>Funds</b>	
\$ -	\$ 1,185,006	\$ 3,416,484	\$ 4,463	\$ 4,901,782
-	-	-	2,570,731	9,952,342
-	-	-	368,115	368,115
6,817	-	-	49,548	226,450
5,960,098	-	-	3,267,212	9,461,212
-	-	-	19,356	39,997,989
-	-	-	-	2,000,978
-	-	-	193,647	346,948
78,495	8,974	2,436	1,399	102,143
-	-	-	266,543	266,871
6,045,410	1,193,980	3,418,920	6,741,014	67,624,830
-	-	-	4,729,182	30,619,362
-	-	-	851,490	4,943,251
-	-	-	40,663	1,635,450
-	11,858	35,386	152,954	1,548,541
-	-	-	339,181	3,156,568
-	-	-	183,536	1,706,879
(376,173)	233,119	-	309,764	5,970,373
-	-	-	93,688	2,385,050
-	-	-	-	4,650,631
-	-	-	940	940
10,673,300	143,793	-	349,041	11,728,517
-	-	2,575,000	-	2,575,000
-	-	758,451	-	758,451
10,297,127	388,770	3,368,837	7,050,439	71,679,013
(4,251,717)	805,210	50,083	(309,425)	(4,054,183)
-	-	-	-	73,953
2,572,819	-	-	-	2,572,819
2,572,819	-	-	-	2,646,772
(1,678,898)	805,210	50,083	(309,425)	(1,407,411)
4,965,104	4,152,064	3,216,576	1,440,591	22,482,039
\$ 3,286,206	\$ 4,957,274	\$ 3,266,659	\$ 1,131,166	\$ 21,074,628

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

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**Deming Public Schools**

**Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2019**

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

Net change in fund balances - total governmental funds	\$ (1,407,411)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital expenditures	11,728,517
Depreciation expense	(5,188,434)
Book value of capital assets disposed	(3,840,485)
Book value of land sold during the year	(33,671)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:

Change in unavailable revenue related to property taxes receivable	(15,304)
--	----------

Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense:

District pension contribution	4,107,888
District OPEB contribution	589,637
Pension expense	(19,420,203)
OPEB expense	243,098

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 premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

Increase in accrued compensated absences not due and payable	(85,174)
Increase in accrued interest payable	(17,606)
Amortization of original issue premium	193,921
Original issuance premium of bonds issued	(22,819)
Bond proceeds	(2,550,000)
Principal payments on bonds	2,575,000

Change in net position of governmental activities	\$ (13,143,046)
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*The accompanying notes are an integral part of these financial statements.*

**Deming Public Schools**  
**General Fund (11000, 13000, 14000)**

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

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable)
				Final to Actual
<b>Revenues</b>				
Property taxes	\$ 292,503	\$ 292,503	\$ 296,016	\$ 3,513
Intergovernmental revenue:				
Federal flowthrough	236,149	236,149	289,909	53,760
Local sources	6,135	6,135	88,124	81,989
State flowthrough	234,468	245,624	233,902	(11,722)
State direct	39,688,077	39,991,468	39,978,633	(12,835)
Transportation distribution	1,957,214	2,000,978	2,000,978	-
Charges for services	8,000	69,785	145,656	75,871
Investment Income	8,000	8,000	885	(7,115)
Miscellaneous	7,500	7,500	328	(7,172)
<b>Total revenues</b>	<b>42,438,046</b>	<b>42,858,142</b>	<b>43,034,431</b>	<b>176,289</b>
<b>Expenditures</b>				
Current:				
Instruction	25,957,423	26,006,439	23,026,121	2,980,318
Support services - students	3,884,173	4,455,323	3,821,931	633,392
Support services - instruction	1,364,462	1,447,812	1,316,123	131,689
Support services - general administration	1,404,208	1,399,131	1,131,495	267,636
Support services - school administration	2,928,665	2,926,142	2,785,351	140,791
Central services	2,650,042	1,768,142	1,461,589	306,553
Operation and maintenance of plant	5,738,700	5,872,185	5,775,216	96,969
Student transportation	2,039,199	2,386,263	2,291,744	94,519
Other support services	42,824	42,824	-	42,824
<b>Total expenditures</b>	<b>46,009,696</b>	<b>46,304,261</b>	<b>41,609,570</b>	<b>4,694,691</b>
Excess (deficiency) of revenues over expenditures	(3,571,650)	(3,446,119)	1,424,861	4,870,980
<b>Other financing sources (uses)</b>				
Designated cash (budgeted increase in cash)	3,569,150	3,443,619	-	(3,443,619)
Proceeds from sale of capital assets	2,500	2,500	73,953	71,453
<b>Total other financing sources (uses)</b>	<b>3,571,650</b>	<b>3,446,119</b>	<b>73,953</b>	<b>(3,372,166)</b>
Net change in fund balance	-	-	1,498,814	1,498,814
Fund balance - beginning of year	-	-	3,418,032	3,418,032
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,916,846</b>	<b>\$ 4,916,846</b>
Net change in fund balance (Non-GAAP budgetary basis)				\$ 1,498,814
Adjustments to revenues for taxes and intergovernmental revenue				80,982
Adjustments to expenditures for supplies and payroll expenditures				(473,911)
<b>Net change in fund balance (GAAP Basis)</b>				<b>\$ 1,105,885</b>

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

**Deming Public Schools**  
**Food Services Special Revenue Fund (21000)**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Intergovernmental revenue:				
Federal flowthrough	\$ 3,191,794	\$ 3,191,794	\$ 3,238,508	\$ 46,714
Charges for services	14,775	14,775	7,645	(7,130)
Investment income	10,211	10,211	9,317	(894)
<b>Total revenues</b>	<b>3,216,780</b>	<b>3,216,780</b>	<b>3,255,470</b>	<b>38,690</b>
<b>Expenditures</b>				
Current:				
Central services	70,000	115,000	115,000	-
Food services operations	6,963,750	7,783,259	4,301,912	3,481,347
Capital outlay	721,758	721,758	490,838	230,920
<b>Total expenditures</b>	<b>7,755,508</b>	<b>8,620,017</b>	<b>4,907,750</b>	<b>3,712,267</b>
Excess (deficiency) of revenues over expenditures	(4,538,728)	(5,403,237)	(1,652,280)	3,750,957
<b>Other financing sources (uses)</b>				
Designated cash (budgeted increase in cash)	4,538,728	5,403,237	-	(5,403,237)
<b>Total other financing sources (uses)</b>	<b>4,538,728</b>	<b>5,403,237</b>	<b>-</b>	<b>(5,403,237)</b>
Net change in fund balance	-	-	(1,652,280)	(1,652,280)
Fund balance - beginning of year	-	-	5,403,237	5,403,237
Fund balance - end of year	\$ -	\$ -	\$ 3,750,957	\$ 3,750,957
Net change in fund balance (Non-GAAP budgetary basis)				\$ (1,652,280)
Adjustments to revenues for federal flowthrough grants				689,752
Adjustments to expenditures for food service				(417,738)
Net change in fund balance (GAAP Basis)				\$ (1,380,266)

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

**Deming Public Schools**  
**Title I - IASA Special Revenue Fund (24101)**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
				<u>Final to Actual</u>
<b>Revenues</b>				
Intergovernmental revenue:				
Federal flowthrough	\$ 3,917,736	\$ 4,259,285	\$ 2,845,280	\$ (1,414,005)
<b>Total revenues</b>	<b>3,917,736</b>	<b>4,259,285</b>	<b>2,845,280</b>	<b>(1,414,005)</b>
<b>Expenditures</b>				
Current:				
Instruction	3,212,422	3,380,991	2,427,166	953,825
Support services - students	365,068	367,958	268,378	99,580
Support services - instruction	145,156	283,211	279,418	3,793
Support services - general administration	123,342	123,342	97,108	26,234
Support services - school administration	-	32,035	32,036	(1)
Central services	60,528	60,528	60,528	-
Operation and maintenance of plant	11,220	11,220	1,830	9,390
<b>Total expenditures</b>	<b>3,917,736</b>	<b>4,259,285</b>	<b>3,166,464</b>	<b>1,092,821</b>
Excess (deficiency) of revenues over expenditures	-	-	(321,184)	(321,184)
<b>Other financing sources (uses)</b>				
Designated cash (budgeted increase in cash)	-	-	-	-
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>(321,184)</b>	<b>(321,184)</b>
<b>Fund balance - beginning of year</b>	<b>-</b>	<b>-</b>	<b>(1,426,588)</b>	<b>(1,426,588)</b>
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$(1,747,772)</b>	<b>\$ (1,747,772)</b>
Net change in fund balance (Non-GAAP budgetary basis)				\$ (321,184)
Adjustments to revenues for federal flowthrough grants				319,591
Adjustments to expenditures for supplies and payroll expenditures				1,593
<b>Net change in fund balance (GAAP Basis)</b>				<b>\$ -</b>

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

**Deming Public Schools**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**June 30, 2019**

Assets	
Current assets	
Cash and cash equivalents	\$ 673,683
<hr/>	
Total assets	\$ 673,683
<hr/> <hr/>	
Liabilities	
Accounts payable	\$ 12,391
Due to student organizations	661,292
<hr/>	
Total liabilities	\$ 673,683
<hr/> <hr/>	

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

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**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Deming Public Schools (the “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 of the City of Deming and surrounding area. 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 School Board is authorized to establish policies and regulations for its own government consistent with the laws of the State of New Mexico and the regulations of the Legislative Finance Committee. The School Board is comprised of five members who are elected for terms of four years. The District operates twelve schools within the District. In conjunction with the regular educational programs, some of these schools offer special education. In addition, the School Board provides transportation and school food services for the students.

This summary of significant accounting policies of the District is presented to assist in the understanding of the District’s financial statements. The financial statements and notes are the representation of the District’s management that is responsible for the financial statements. The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units.

During the year ended June 30, 2019, the District adopted GASB Statement No. 88 *Certain Discourses Related to Debt, including Direct Borrowing and Direct Placement* and GASB Statement No. 83, *Certain Asset Retirement Obligation*. These Statements were required to be implemented as of June 15, 2018. These statements did not materially impact the District’s financial statements.

**A. *Financial Reporting Entity***

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement Nos. 39, 61 and 80. Blended component units, although legally separate entities, are in substance part of the government’s operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*A. Financial Reporting Entity (Continued)*

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the District has one component unit, the Cesar Chavez High School ("Charter") which began operations in the 2006-2007 fiscal year. The District is the sponsoring school. The component unit is presented by a discrete presentation, with financial statements issued separately from the primary government. Separately issued financial statements can be obtained by writing to Cesar Chavez Charter High School at P.O. Box 1658 Deming, NM 88031.

*B. Government-wide and Fund Financial Statements*

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have any *business-type activities*.

In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis by column, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts – Net investment in capital assets, restricted net position; and unrestricted net position.



**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, subject to the availability criterion. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met, subject to the availability criterion.

All other revenue items are considered to be measurable and available only when cash is received by the government.

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The District reports the following major governmental funds:

The *General Fund* (11000, 13000, 14000) is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided by the District's school tax levy, state equalization and transportation funds, state instructional material allocations, and earnings from investments. Expenditures include all costs associated with the daily operations of the school except for those items included in other funds. The General Fund includes the *Pupil Transportation Fund*, (13000) which is used to account for transportation distribution received from the New Mexico Public Education Department which is used to pay for the costs associated with transporting school age children. It also includes the *Instructional Materials Fund* (14000), which is used to account for the monies received from the New Mexico Public Education Department for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students.

The *Food Services Special Revenue Fund* (21000) is used to account for all financial transactions related to the food service operation. Authority for the creation of this fund is the National School Lunch Act, as amended, 42 U.S.C. 1751 1760, 1779.

The *Title I- IASA Special Revenue Fund* (24101) is used to provide supplemental educational opportunity for academically disadvantaged children residing in the area. Campuses are identified for program participation by the percentage of students on free or reduced price lunches. Any school with a free and reduced price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criteria that identify a campus; educational need determines the students to be served. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Public Education Department. Authority for creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383.

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

**Deming Public Schools**  
**Notes to Financial Statements**  
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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The *Capital Improvements SB-9 - Local Capital Projects Fund* (31701) is used to account for resources received through Senate Bill 9 and local tax levies obtained for the purpose of building, remodeling, and equipping classroom facilities. Funding authority is the New Mexico Public Education Department.

The *Debt Service Fund* (41000) is used to accumulate resources for payment of principal and interest due on educational technology bonds. Financing is provided by a special tax levy approved by the voters of the county and assessed by the Luna County Assessor and collected and remitted to the District by the Luna County Treasurer.

Additionally, the District reports the following Fiduciary funds:

The *Agency Fund* account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

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

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

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

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

State statutes authorize the District to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Local Government Investment Pool (LGIP). The LGIP operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**Restricted Assets:** The Debt Service Fund is used to report resources set aside for the payment of long-term debt principal and interest.

**Receivables and Payables:** Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses.

**Deming Public Schools**  
**Notes to Financial Statements**  
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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements. All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The District receives monthly income from a tax levy in Luna County. The funds are collected by the County Treasurer and are remitted to the District the following month. Under the modified accrual method of accounting, the amount remitted by the County Treasurer in July and August 2019 is considered "measurable and available" and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2019. Period of availability is deemed to be sixty days subsequent to year end.

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

**Inventory:** The District's method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories actually are consumed. Inventory is valued at cost and consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as an expenditure at the time individual inventory items are consumed.

Inventory in the Special Revenue Funds consists of U.S.D.A. commodities and other purchased food and non-food supplies. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories.

**Capital Assets:** Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District's policies as assets with an initial, individual cost of more than \$5,000 (amount not rounded) per Section 12-6-10 NMSA 1978 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5). The District was a Phase II government for purposes of implementing GASB Statement No. 34; however, the District does not have any infrastructure assets to report.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

**Deming Public Schools**  
**Notes to Financial Statements**  
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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Construction projects paid for by the Public School Capital Outlay Council are included in the District’s capital assets. No interest was included as part of the cost of capital assets under construction.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10-50
Land improvements	10-20
Furniture and equipment	5-10

**Deferred Inflows of Resources:** In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element 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. The District has one type of items, which arises under the modified accrual basis of accounting that qualify for reporting in this category. Accordingly, the item, unavailable revenue - property taxes, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District has recorded \$811,220 related to property taxes considered “unavailable.” In addition, the District has two types of items present on the Statement of Net Position which arise due to the implementation of GASB Statement No. 68 and the related net pension liability. Accordingly, the items, changes in proportion of \$1,291,039, and differences between expected and actual experience of \$2,222,443, are reported on the Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the District has four types of items present on the Statement of Net Position which arise due to the implementation of GASB Statement No. 75 and the related post-employment benefit liability. Accordingly, the items, changes in proportion of \$972,269, changes in assumptions of \$5,217,801, net difference between projected and actual earnings of \$348,783 and differences between expected and actual experience of \$1,654,711, are reported on the Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Deferred Outflows of Resources:** In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, 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 five types of items that qualify for reporting in this category due to the implementation of GASB State No. 68 and the related net pension liability. Accordingly, the items, changes in proportion of \$371,710, changes of assumptions of \$24,067,072, differences between expected and actual experience of \$85,227, net difference between projected and actual investment earnings of \$258,513 and employer contributions subsequent to measurement date of \$4,107,888, are reported on the Statement of Net Position. These amounts are deferred and recognized as outflows of resources in future periods. The District has one type of items that qualify for reporting in this category due to the implementation of GASB Statement No. 75 and the related post-employment benefit liability. Accordingly, the item employer contributions subsequent to measurement date of \$589,637, is reported on the Statement of Net Position. The amount is deferred and recognized as outflows of resources in future periods.

**Pensions:** For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Educational Retirement 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, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Post-employment:** For purposes of measuring the post-employment liability, deferred outflows of resources and deferred inflows of resources related to post-employment, and post-employment expense, information about the fiduciary net position of the Retiree Health Care Act (RHCA) and additions to/deductions from RHCA's fiduciary net position have been determined on the same basis as they are reported by RHCA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Compensated Absences:** The District permits administrative employees to accumulate a limited amount of earned but not used vacation, which will be paid if not used, upon termination from the District. Accumulated sick leave benefits vest with each employee in accordance with the District policy. All vacation pay and applicable accumulated sick leave is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result from resignations and retirements. No liability is reported for unpaid accumulated sick leave, as no payment is required upon termination of service by employees.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the government fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net position.

**Accrued Payroll:** In the fund financial statements, governmental fund types recognize the accrual of unpaid wages and benefits that employees have earned at the close of each fiscal year. The amount recognized in the fund financial statements represents checks that were held at year end in relation to employee's summer payroll.

**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 are deferred and amortized over the life of the bonds using the effective interest method or the straight-line method if the difference from the effective interest method is minimal.

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

**Fund Balance Classification Policies and Procedures:** The District has implemented GASB Statement No. 54 and has defined the various categories reported in fund balance. For committed fund balance, the District's highest level of decision-making authority is the Board of Education. The formal action that is required to be taken to establish a fund balance commitment is a resolution of the Board of Education.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

For assigned fund balance, the Board of Education or an official or body to which the School Board of Education delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is that in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

For the classification of fund balances, the District considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the District considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**Nonspendable Fund Balance:** At June 30, 2019, the nonspendable fund balance in the food service was \$45,646 for inventory.

**Restricted and Committed Fund Balance:** At June 30, 2019, the restricted fund balance on the governmental funds balance sheet is made up of \$5,005,195 restricted for food services, extracurricular activities and education to the students of the District; \$8,243,480, restricted for the purpose of erecting, remodeling, making additions to and furnishing school buildings and purchasing or improving school grounds and purchasing computer software and hardware for student use in public schools, providing matching funds for capital outlay projects funded pursuant to the Public School Capital Outlay Act [22-24-1 NMSA 1978], or any combination of these purposes, and \$3,462,512 restricted for the payment of principal and interest of the future debt service requirements.

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

- a. Net investment in capital assets: Consists of 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. For the fiscal year ending June 30, 2019, the District had unspent bond proceeds of \$2,963,399.
- b. Restricted Net Position: Net position is reported as restricted when constraints are placed on the use either by: (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for "special revenue, capital projects, and debt service" are described on pages 42-43 and 135-139.



**Deming Public Schools**  
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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

- c. Unrestricted Net Position: Net position that does not meet the definition of “Restricted” or “Net Investment in Capital Assets.”

**Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates for the District are management’s estimate of depreciation on assets over their estimated useful lives, net pension liability, post-employment liability and related deferred inflows and outflows of resources, and the current portion of accrued compensated absences.

*E. Revenues*

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

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 \$39,978,633 in state equalization guarantee distributions during the year ended June 30, 2019.

**Tax Revenues:** The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Property taxes are assessed on January 1st of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. The District recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The District records only the portion of the taxes considered ‘measurable’ and ‘available’ in the governmental fund financial statements. The District recognized \$4,886,478 in tax revenues in the government-wide financial statements during the year ended June 30, 2019. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*E. Revenues (Continued)*

**Transportation Distribution:** School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through 12 attending public school within the school district. The District received \$2,000,978 in transportation distributions during the year ended June 30, 2019.

**Instructional Materials:** The Public Education Department (Department) 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 requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while fifty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2019 totaled \$172,618.

**SB-9 State Match:** The Director shall distribute to any school district that has imposed a tax under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of Section 22-25-3 NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act. The distribution shall be made by December 1 of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978.

However, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary.

The District received \$313,453 in state SB-9 matching during the year ended June 30, 2019.

**Public School Capital Outlay:** The public school capital outlay fund was created under the provisions of Chapter 22, Article 24, NMSA 1978. The money in the fund may be used for: capital expenditures deemed by the public school capital outlay council to be necessary for an adequate educational program per Section 22-24-4(B); core administrative functions of the public school facilities authority and for project management expenses upon approval of the council per Section 22-24-4(G); and for the purpose of demolishing abandoned school district facilities, upon application by a school district to the council, per Section 22-24-4(L). Money in the fund shall be disbursed by warrant of the Department of Finance and Administration on vouchers signed by the Secretary of Finance and Administration following certification by the council that the application has been approved.

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*E. Revenues (Continued)*

The District received \$5,960,098 of Public School Capital Outlay matching during the year ended June 30, 2019.

**Federal Grants:** The District receives revenues from various Federal departments (both direct and indirect), which are legally restricted to expenditures for specific purposes. These programs are reported as Special Revenue Funds. Each program operates under its own budget, which has been approved by the Federal Department or the flow-through agency (usually the New Mexico Public Education Department). The various budgets are approved by the local School Board and the New Mexico Public Education Department.

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*Budgetary Information*

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

These budgets are prepared on the modified cash basis with payroll or held checks being accrued and expensed, therefore, fund balances on the budget statements do not reconcile to cash due to the District's accrued payroll, which is presented on the accrual basis. Because the budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year, such appropriated balance is legally restricted and is therefore presented as restricted fund balance.

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

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

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

1. In April or May, the local school board submits to the District Budget Planning Unit (DBPU) of the New Mexico Public Education Department (PED) a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets are submitted to the State of New Mexico Public Education Department.

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

*Budgetary Information (Continued)*

2. In May or June of each year, the proposed “operating” budget will be reviewed and approved by the DBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school district for the ensuing fiscal year.
3. The school board meeting is open for the general public unless a closed meeting has been called.
4. The “operating” budget will be used by the District until they have been notified that the budget has been approved by the DBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
5. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the DBPU.
6. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Public Education Department.
7. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the DBPU.
8. Legal budget control for expenditures is by function.
9. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year’s budget. The budget schedules included in the accompanying financial statements reflect the original budget and the final budget.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

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

**Deming Public Schools**  
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**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

*Budgetary Information (Continued)*

The appropriated budget for the year ended June 30, 2019, was properly amended by the District's Board of Education throughout the year. These amendments resulted in the following changes:

	<b>Excess (deficiency) of</b>	
	<b>Revenues over Expenditures</b>	
	<b>Original Budget</b>	<b>Final Budget</b>
<b>Budgeted funds:</b>		
General Fund	\$ (3,571,650)	\$ (3,446,119)
Food Service Special Revenue Fund	(4,538,728)	(5,403,237)
Title I - IASA Fund	-	-
Bond Building Capital Projects Fund	(5,367,045)	(5,367,045)
Capital Improvements SB-9 Capital Projects Fund-Local	(4,174,342)	(4,111,104)
Debt Service	-	-
Other governmental funds	(602,738)	(1,230,711)

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

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

**NOTE 3: DEPOSITS AND INVESTMENTS**

Section 22-8-40, NMSA 1978 authorizes the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2019.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance. The collateral pledged is listed on Schedule of Collateral Pledged by Depository for Public Funds in 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.

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**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

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 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.

All of the District's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 for all deposit accounts out of state and up to \$250,000 for all time and saving accounts plus up to \$250,000 for all demand deposit accounts held at a single institution in state.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2019, \$17,357,068 of the District's bank balances of \$18,107,068 was exposed to custodial credit risk. \$13,248,320 was uninsured and collateralized by collateral held by the pledging bank's trust department not in the District's name, and \$4,108,748 was uninsured and uncollateralized.

	<b>First New Mexico Bank</b>	<b>Wells Fargo Bank</b>	<b>First Savings Bank</b>	<b>Total</b>
Amount of deposits	\$ 16,212,006	\$ 399,244	\$ 1,495,818	\$ 18,107,068
FDIC coverage	(250,000)	(250,000)	(250,000)	(750,000)
Total uninsured public funds	15,962,006	149,244	1,245,818	17,357,068
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	9,684,782	89,546	3,473,992	13,248,320
Uninsured and uncollateralized	\$ 6,277,224	\$ 59,698	\$ (2,228,174)	\$ 4,108,748
Collateral requirement (50%)	\$ 7,981,003	\$ 74,622	\$ 622,909	\$ 8,678,534
Pledged securities	9,684,782	89,546	3,473,992	13,248,320
Over (under) collateralized	\$ 1,703,779	\$ 14,924	\$ 2,851,083	\$ 4,569,786



**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

The collateral pledged is listed on Schedule of Collateral Pledged by Depository for Public Funds of this report. The types of collateral allowed are limited to direct obligations of the United States Government, all bonds issued by any agency, District or political subdivision of the State of New Mexico, securities, including student loans, that are guaranteed by the United States or the State of New Mexico, revenue bonds that are underwritten by a member of the financial industry regulatory authority, known as FINRA, and are rated BAA or above by a nationally recognized bond rating service, or letter of credit issued by a federal home loan bank.

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

The District utilizes internal pooled accounts for some of their programs and funds. Negative cash balances in individual funds that were part of the pooled accounts were reclassified as due to/from accounts in the combining balance sheet as of June 30, 2019. Funds 24101 through 25200 are federal funds, 25246 through 27198 are nonfederal funds, and 31700 is a capital projects fund. The following individual funds had negative cash balances as of June 30, 2019:

	Due From	Due To
<b>Major Funds:</b>		
Fund 11000 General	\$ 3,713,471	\$ -
<b>Non-major Funds:</b>		
Fund 24101 Title I - IASA	-	1,619,257
Fund 24103 Migrant Children Education	-	83,520
Fund 24106 Entitlement IDEA-B	-	398,452
Fund 24109 IDEA-B Preschool	-	5,197
Fund 24113 Education of Homeless	-	20,683
Fund 24130 CDC Healthy School Program	-	5,967
Fund 24132 IDEA-B Results Plan	-	18,297
Fund 24153 English Language Acquisition	-	195,724
Fund 24154 Teacher/Principle Training/Recruiting	-	149,232
Fund 24160 Rural & Low-Income Schools	-	104,388
Fund 24163 Immigrant Funding Title III	-	22,167
Fund 24174 Carl D. Perkins Secondary Current	-	51,997
Fund 24176 Carl D. Perkins Redistribution	-	2,826
Fund 24188 Advancing Measurement at PED (AMP)	-	47,660
Fund 24189 Student Support and Academic Enrichment Program	-	198,178
Fund 24193 Direct Student Services	-	38,427
Fund 24201 Title I-IASA - Federal Stimulus	-	5
Fund 25200 ROTC	-	663
Fund 27107 2012 GO Bond Student Library	-	34,836
Fund 27124 Automated Text Messaging System	-	15,000
Fund 27138 Incentive for School Impr Act PED	-	60,000
Fund 27149 PreK Initiative	-	397,458
Fund 27180 Early College High School Start Up	-	176,123
Fund 31700 Capital Improvements SB-9	-	67,414
	<b>\$ 3,713,471</b>	<b>\$ 3,713,471</b>

All interfund balances are intended to be repaid within one year.

The District did not have any operating transfer during the year ended June 30, 2019.



**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

Reconciliation to the Statement of Net Position

The carrying amount of deposits and investments shown above are included in the District's statement of net position as follows:

Cash and cash equivalents per statement of net position	\$	7,262,512
Restricted cash per statement of net position		8,772,553
Investments per statement of net position		23
Restricted investments statement of net position		2,963,400
Cash per statement of fiduciary assets and liabilities		673,683
<hr/>		
Total cash, cash equivalents and investments		19,672,171
Add: outstanding checks		3,026,737
Less: deposits in transit		(1,628,367)
Less: petty cash		(50)
Less: investments held in New MexiGROW LGIP		(23)
Less: restricted investments with Moreton Capital Markets		(2,963,400)
<hr/>		
Bank balance of deposits	\$	18,107,068
<hr/> <hr/>		

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

**Investments**

As of June 30, 2019, the District had the following investments and maturities and ratings:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Investment Maturity</b>
U.S. Treasury money market mutual funds	\$ 2,963,400	>365 days
New MexiGROW LGIP	23	See below
<b>Total investments</b>	<b>\$ 2,963,423</b>	

<b>Investment Type</b>	<b>Weighted Average Maturities (F)</b>	<b>Fair Value</b>	<b>Rating</b>
	112 day- WAM ( F ) and		
New MexiGROW LGIP	35 day-WAM ( R )	\$ 23	AAAm **
U.S. Treasury money market mutual funds	>365 days	\$ 2,963,400	AA+ *

\* Based on Moody's Rating

\*\* Based on Standard & Poor's rating

Credit Risk

As of June 30, 2019, the Authority's investment in the State Treasurer Local Government Investment Pool was rated as AAAM by Standard & Poor's.

The New MexiGROW Local Government Investment Pool's (LGIP) investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. The New Mexico State Treasurer is authorized to invest the short-term investment funds, with the advice and consent of the State Board of Finance, in accordance with Sections 6-10-10(I) through 6-10-10(P) and Sections 6-10-10.1(A) and (E), NMSA 1978. The LGIP's investments are monitored by the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per Section 6-10-10.(F), NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the LGIP is voluntary.

*Interest Rate Risk – Investments.* The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

*Concentration Credit Risk – Investments.* For an investment, concentration credit risk is when any one issuer is 5% or more of the investment portfolio of the District. The District currently has 100% in money market mutual funds. Since the District only purchases investment with high credit ratings, the additional concentration is not viewed to be an additional risk by the District. The District's policy related to concentration credit risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

Fair Value Measurement

The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Authority has the ability to access.

Level 2      Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3      Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Authority believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The District maintained a balance of \$2,963,400 in the LGIP and money market mutual funds at year end which required fair value disclosure.

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 3: DEPOSITS AND INVESTMENTS (Continued)**

	Total	Fair Value Measurement Inputs		
		Level 1	Level 2	Level 3
Investments by fair value level				
U.S. Treasury money market mutual funds	\$ 2,963,400	\$ 2,963,400	\$ -	\$ -
New MexiGROW LGIP	23	23	-	-
<b>Total investments</b>	<b>\$ 2,963,423</b>	<b>\$ 2,963,423</b>	<b>\$ -</b>	<b>\$ -</b>

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 4: ACCOUNTS RECEIVABLE**

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

	<b>11000</b>		<b>21000</b>	
	<b>General Fund</b>		<b>Food Services</b>	
Property taxes receivable	\$	58,755	\$	-
Due from other governments:				
Federal sources		82,598		417,160
<b>Totals</b>	<b>\$</b>	<b>141,353</b>	<b>\$</b>	<b>417,160</b>

  

	<b>24101</b>		<b>31701</b>	
	<b>Title I - IASA</b>		<b>Capital Improvements</b>	
			<b>SB-9- Local</b>	
Property taxes receivable	\$	-	\$	235,808
Due from other governments:				
Federal sources		1,752,460		-
<b>Totals</b>	<b>\$</b>	<b>1,752,460</b>	<b>\$</b>	<b>235,808</b>

  

	<b>41000</b>		<b>Other</b>		
	<b>Debt Service</b>		<b>Governmental</b>		<b>Total</b>
			<b>Funds</b>		
Property taxes receivable	\$	683,094	\$	-	\$ 977,657
Due from other governments:					
Federal sources		-		2,286,562	4,538,780
<b>Totals</b>	<b>\$</b>	<b>683,094</b>	<b>\$</b>	<b>2,286,562</b>	<b>\$ 5,516,437</b>

The above receivables are deemed 100% collectible.

In accordance with GASB Statement No. 33, property tax revenues in the amount of \$811,220 that was not collected within the period of availability have been reclassified as deferred inflows for unavailable revenue in the governmental fund financial statements. All of the above receivables are deemed to be fully collectible.

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 5: CAPITAL ASSETS**

A summary of capital assets and changes occurring during the year ended June 30, 2019, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land and construction in progress are not subject to depreciation.

Capital assets, net of accumulated depreciation, at June 30, 2019 appear in the Statement of Net Position as follows:

<b>Governmental activities:</b>	<b>Balance</b>					<b>Balance</b>
	<b>June 30, 2018</b>	<b>Adjustments</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2019</b>	
Capital assets not being depreciated:						
Land	\$ 2,410,779	\$ 44,000	\$ -	\$ (33,671)	\$ 2,421,108	
Construction in progress	23,383,067	-	9,893,806	(33,171,766)	105,107	
<b>Total capital assets not being depreciated</b>	<b>25,793,846</b>	<b>44,000</b>	<b>9,893,806</b>	<b>(33,205,437)</b>	<b>2,526,215</b>	
Capital assets being depreciated:						
Buildings and improvements	149,565,183	91,000	32,932,125	(16,535,986)	166,052,322	
Land improvements	6,527,033	-	809,646	(490,556)	6,846,123	
Furniture and equipment	7,447,384	-	1,129,706	(2,380,491)	6,196,599	
<b>Total capital assets being depreciated</b>	<b>163,539,600</b>	<b>91,000</b>	<b>34,871,477</b>	<b>(19,407,033)</b>	<b>179,095,044</b>	
Less accumulated depreciation:						
Buildings and improvements	(45,898,270)	-	(4,564,814)	12,762,334	(37,700,750)	
Land improvements	(3,532,682)	-	(282,960)	463,670	(3,351,972)	
Furniture and equipment	(6,031,753)	-	(340,660)	2,340,544	(4,031,869)	
<b>Total accumulated depreciation</b>	<b>(55,462,705)</b>	<b>-</b>	<b>(5,188,434)</b>	<b>15,566,548</b>	<b>(45,084,591)</b>	
<b>Total capital assets, net of depreciation</b>	<b>\$ 133,870,741</b>	<b>\$ 135,000</b>	<b>\$ 39,576,849</b>	<b>\$ (68,179,018)</b>	<b>\$ 136,536,668</b>	

Adjustments in the current year were due to items that were present on the District's capital assets listing in the prior year with no cost.

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 5: CAPITAL ASSETS (Continued)**

Depreciation expense for the year ended June 30, 2019 was charged to the following functions:

<b>Governmental activities</b>	
Instruction	\$ 1,557,657
Support services-students	232,064
Support services-instruction	21,756
Support services - general administration	87,025
Support services - school administration	145,040
Central services	157,457
Operation and maintenance of plant	305,028
Student transportation	325,105
Food service operations	186,242
Capital outlay	2,171,060
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Total	\$ 5,188,434
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**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 6: LONG-TERM DEBT**

General obligation bonds are secured by and payable solely from the Debt Service Fund.

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued with varying terms and varying amounts of principal maturing each year. All general obligation bonds as of June 30, 2019 are for governmental activities.

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

	<b>Series 2014</b>	<b>Series 2015</b>	<b>Series 2016A</b>
Original Issue:	\$ 9,500,000	\$ 9,480,000	\$ 9,780,000
Principal:	August 1	August 1	August 1
Interest:	August 1	August 1	August 1
	February 1	February 1	February 1
Interest Rates:	2.25%-2.60%	2.00%-3.50%	2.00%-4.00%
Maturity Date:	August 2028	February 2030	August 2030
	<b>Series 2016B</b>	<b>Series 2018</b>	<b>Series 2019</b>
Original Issue:	\$ 3,125,000	\$ 2,500,000	\$ 2,500,000
Principal:	August 1	August 1	August 1
Interest:	August 1	August 1	August 1
	February 1	February 1	February 1
Interest Rates:	5.00%	3.00% - 3.10%	3%
Maturity Date:	August 2019	August 2031	August 2032



**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 6: LONG-TERM DEBT (Continued)**

During the year ended June 30, 2019, the following changes occurred in the liabilities reported in the government-wide Statement of Net Position:

	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019	Due Within One Year
General Obligation Bonds					
Series 2014	\$ 7,400,000	\$ -	\$ 200,000	\$ 7,200,000	\$ 150,000
General Obligation Bonds					
Series 2015	7,480,000	-	1,050,000	6,430,000	780,000
General Obligation Bonds					
Series 2016A	9,430,000	-	190,000	9,240,000	690,000
General Obligation Bonds					
Series 2016B	2,085,000	-	1,135,000	950,000	950,000
General Obligation Bonds					
Series 2018	-	2,500,000	-	2,500,000	70,000
General Obligation Bonds					
Series 2019	-	50,000	-	50,000	-
Total bonds	26,395,000	2,550,000	2,575,000	26,370,000	2,640,000
Compensated absences	574,965	308,665	223,491	660,139	223,491
<b>Total long-term debt</b>	<b>\$ 26,969,965</b>	<b>\$ 2,858,665</b>	<b>\$ 2,798,491</b>	<b>\$ 27,030,139</b>	<b>\$ 2,863,491</b>

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

Fiscal Year Ending	Principal	Interest	Total Debt Service
2020	\$ 2,640,000	\$ 709,186	\$ 3,349,186
2021	2,545,000	704,131	3,249,131
2022	2,225,000	559,936	2,784,936
2023	2,260,000	494,473	2,754,473
2024	2,150,000	428,448	2,578,448
2025-2029	11,500,000	1,153,490	12,653,490
2030-2032	3,050,000	91,356	3,141,356
	<b>\$ 26,370,000</b>	<b>\$ 4,141,020</b>	<b>\$ 30,511,020</b>

**NOTE 6: LONG-TERM DEBT (Continued)**

Compensated Absences – Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2019, compensated absences increased \$85,174 from the prior year accrual. In prior years, the general fund was typically used to liquidate such long-term liabilities. See Note 1 for more details.

**NOTE 7: RISK MANAGEMENT**

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

The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$15,000 deductible per occurrence with a maximum annual deductible of \$60,000. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$250,000 per occurrence for Faithful Performance. A limit of \$250,000 applies to Depositor's Forgery, Credit Card Forgery, and Money Orders. A limit of \$100,000 applies to Money and Securities, which include a \$750 deductible.

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

**NOTE 8: PENSION PLAN—EDUCATIONAL RETIREMENT BOARD**

**General Information about the Pension Plan**

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

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 8: PENSION PLAN—EDUCATIONAL RETIREMENT BOARD (Continued)**

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

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

All accumulated assets are held by the Plan in trust to pay benefits, including refunds of contributions as defined in the terms of the Plan. Eligibility for membership in the Plan is a condition of employment, as defined in Section 22-11-2, NMSA 1978. Employees of public schools, universities, colleges, junior colleges, 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: the member's final average salary (FAS), the number of years of service credit, and 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. A brief summary of Plan coverage provisions follows:

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs: the member's age and earned service credit add up to the sum of 75 or more; the member is at least sixty-five years of age and has five or more years of earned service credit; or the member has service credit totaling 25 years or more.

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on or after July 1, 2010. The eligibility for a member who either becomes a new member on or after July 1, 2010, or at any time prior to that date refunded all member contributions and then became, or becomes, reemployed after that date is as follows: the member's age and earned service credit add up to the sum of 80 or more; the member is at least sixty-seven years of age and has five or more years of earned service credit; or the member has service credit totaling 30 years or more.

**NOTE 8: PENSION PLAN—EDUCATIONAL RETIREMENT BOARD (Continued)**

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

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit each July 1, beginning in the year the member attains or would have attained age 65 or on July 1 of the year following the member's retirement date, whichever is later. Prior to June 30, 2013 the COLA adjustment was equal to one-half the change in the Consumer Price Index (CPI), except that the COLA shall not exceed 4% nor be less than 2%, unless the change in CPI is less than 2%, in which case, the Cola would equal the change in the CPI, but never less than zero. As of July 1, 2013, for current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction was based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.8%. All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.9%. All other retirees will have a 10% COLA reduction; their average will be 1.8%.

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

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

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 8: PENSION PLAN—EDUCATIONAL RETIREMENT BOARD (Continued)**

**Contributions.** The contribution requirements of plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2019 employers contributed 13.90% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.70% of their gross annual salary. For fiscal year ended June 30, 2017 employers contributed 13.90%, and employees earning 20,000 or less continued to contribute 7.90% and employees earning more than \$20,000 continued contributing at an amount of 10.70% of their gross annual salary. Contributions to the pension plan from the District were \$4,107,888 for the year ended June 30, 2019.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2017. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2016, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2017. At June 30, 2019, the District reported a liability of \$116,776,438 for its proportionate share of the net pension liability. The District's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2018. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2018, the District's proportion was 0.98203 percent, which was a decrease of 0.02597 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the District recognized pension expense of \$19,420,203.

**Deming Public Schools**  
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**June 30, 2019**

**NOTE 8: PENSION PLAN—EDUCATIONAL RETIREMENT BOARD (Continued)**

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 85,227	\$ 2,222,443
Changes in proportion	371,710	1,291,039
Net difference between projected and actual earnings on pension plan investments	258,513	-
Changes of assumptions	24,067,072	-
District's contributions subsequent to the measurement date	4,107,888	-
<b>Total</b>	<b>\$ 28,890,410</b>	<b>\$ 3,513,482</b>

\$4,107,888 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date of June 30, 2019, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2019	\$	13,440,527
2020		8,222,784
2021		(397,673)
2022		3,402
2023		-
Thereafter		-

**NOTE 8: PENSION PLAN—EDUCATIONAL RETIREMENT BOARD (Continued)**

**Actuarial assumptions.** The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on actuarial valuation and performed as of June 30, 2017. The total pension liability was rolled forward from the valuation date to the Plan's year ending June 30, 2018 using generally accepted actuarial principles. The liabilities reflect the impact of Senate Bill 115, signed into law March 29, 2013 and new assumptions adopted by the Board of Trustees on April 21, 2017. Specifically, the liabilities measured as of June 30, 2016 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.70% during the fiscal year ending June 30, 2016 and thereafter.
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.
3. COLAs for most retirees are reduced until ERB attains a 100% funded status.
4. These assumptions were adopted by the Board on June 12, 2015 in conjunction with the six year experience study period ending June 30, 2014.
5. For purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years.

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 8: PENSION PLAN—EDUCATIONAL RETIREMENT BOARD (Continued)**

The actuarial methods and assumptions used to determine contributions rates included in the measurement are as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Period	Amortized – closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method	5 year smoothed market
Inflation	2.5%
Salary Increase	Composed of 2.50% inflation, plus 0.75% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.25%
Retirement Age	Experience based table rates based on age and service, adopted by the Board on April 21, 2017 in conjunction with the six-year experience study for the period ending June 30, 2016.
Mortality	Healthy males: 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.  Healthy females: GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with Scale BB from the table's base year of 2012.

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class. ERB's investment allocation policy was reviewed and amended by the Board of Trustees on August 26, 2016.



**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 8: PENSION PLAN—EDUCATIONAL RETIREMENT BOARD (Continued)**

Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following schedule shows the current asset allocation policy adopted on August 26, 2016.

**Comparative Schedule of Target Investment Allocation**

<b>Asset Class</b>	<b>Allocation</b>	<b>Policy Target</b>
<b>Equities</b>		
<i>Domestic Equities</i>		
Large cap equities	16.60%	16.00%
Small- mid cap equities	3.20%	3.00%
<i>Total domestic</i>	19.80%	19.00%
<i>International Equities</i>		
Developed	4.90%	5.00%
Emerging markets	8.90%	9.00%
<i>Total international</i>	13.80%	14.00%
<b>Total equities</b>	<b>33.60%</b>	<b>33.00%</b>
<b>Fixed Income</b>		
Opportunistic credit	18.70%	18.00%
Core bonds	6.80%	6.00%
Emerging market debt	1.70%	2.00%
<b>Total fixed income</b>	<b>27.20%</b>	<b>26.00%</b>
<b>Alternatives</b>		
Real estate - REITS	2.00%	7.00%
Real assets	7.40%	8.00%
Private equity	13.00%	13.00%
Global asset allocation	4.90%	4.00%
Risk parity	5.20%	3.00%
Other	5.40%	5.00%
<b>Total alternatives</b>	<b>37.90%</b>	<b>40.00%</b>
<b>Cash</b>	<b>1.30%</b>	<b>1.00%</b>
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

**Deming Public Schools**  
**Notes to Financial Statements**  
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**NOTE 8: PENSION PLAN—EDUCATIONAL RETIREMENT BOARD (Continued)**

For the years ended June 30, 2018 the annual money-weighted rates of return on pension plan investments was 8.38%.

**Discount rate:** A single discount rate of 5.69% was used to measure the total ERB pension liability as of June 30, 2018. This discount rate was based on an expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.62%. Based on the stated assumptions and the projection of cash flows, the Plan’s fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2050. As a result, the long-term expected rate of return on pension plan investments was applied to project benefit payments through the 2050 fiscal year, and the municipal bond rate was applied to all benefit payments after that date.

**Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate.** The following table shows the sensitivity of the net pension liability to changes in the discount rate as of the fiscal year end 2018. In particular, the table presents the (employer’s) net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (4.69%) or one percentage point higher (6.69%) than the single discount rate.

	<b>1% Decrease (4.69%)</b>	<b>Current Discount Rate (5.69%)</b>	<b>1% Increase (6.69%)</b>
District's proportionate share of the net pension liability	\$ 151,764,644	\$ 116,776,438	\$ 88,228,245

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

**Payables to the pension plan.** The District remits the legally required employer and employee contributions on a monthly basis to ERB. The ERB requires that the contributions be remitted by the 15<sup>th</sup> day of the month following the month for which contributions are withheld. At June 30, 2019, the District owed the ERB \$995,392 for the contributions withheld in the month of June 2019.

**NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – NEW MEXICO RETIREE HEALTH CARE FUND**

**General Information about the Other Post-Employment Benefits Plan**

**Plan Description.** Substantially all of the District’s full-time employees are provided with other post-employment benefits (OPEB) through the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was created by the state’s Retiree Health Care Act, Section 10-7C-1 through 10-7C-16, NMSA 1978, as amended, to administer the New Mexico Retiree Health Care Fund (Plan). The Plan is a cost-sharing, multiple employer defined benefit healthcare plan established to provide comprehensive core group health insurance for persons who have retired from certain public service in New Mexico.

The purpose is to provide 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 consisting of a plan or optional plans of benefits that can be purchased by funds flowing into the retiree health care fund and by co-payments or out-of-pocket payments of eligible retirees.

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

The Authority issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the NMRHCA at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

**Benefits provided.** The Act authorizes the NMRHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service-based subsidy rate schedule for the medical, plus basic life plan, plus an additional participation fee of five dollars (\$5) if the eligible participant retired prior to the employer’s effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the NMRHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

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

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – NEW MEXICO RETIREE HEALTH CARE FUND**  
**(Continued)**

The Act is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary.

For employees that were not members of an enhanced plan during the fiscal year ended June 30, 2017, the statute required each participating employer to contribute 2% of each participating employee's annual salary; each participating employee was required to contribute 1% of their salary. In addition, pursuant to Section 10-7C- 5(G) NMSA 1978, at the first session of the Legislature following July 1, 2014, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Act.

The District's contributions to the plan for the year ended June 30, 2019 totaled \$589,637, which equals the required contributions for the year.

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:*** At June 30, 2019, the District reported a liability of \$27,948,181 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the District's proportion was 0.64273 which was a decrease of .02117 percent from June 30, 2017.

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – NEW MEXICO RETIREE HEALTH CARE FUND**  
**(Continued)**

For the year ended June 30, 2019, the District recognized OPEB expense of (243,098). At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 1,654,711
Changes in proportion	-	972,269
Net difference between projected and actual earnings on pension plan investments	-	348,783
Changes of assumptions	-	5,217,801
District's contributions subsequent to the measurement date	589,637	-
<b>Total</b>	<b>\$ 589,637</b>	<b>\$ 8,193,564</b>

\$589,637 reported as deferred outflows of resources related to OPEB resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:		
2019	\$	(2,040,764)
2020		(2,040,764)
2021		(2,040,764)
2022		(1,622,899)
2023		(448,373)

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – NEW MEXICO RETIREE HEALTH CARE FUND**  
**(Continued)**

**Actuarial assumptions.** The total OPEB liability in the June 30, 2017 actuarial valuation was determined by an actuarial valuation as of June 30, 2017. The mortality, retirement, disability, turnover and salary increase assumptions are based on the PERA annual valuation as of June 30, 2016 and the ERB actuarial experience study as of June 30, 2016. The following actuarial assumptions were applied to the actuary's measurement:

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 member, 2.25% for PERA members
Projected payroll increase	3.50%
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs
Mortality	ERB members: RP-2000 Combined Mortality Tables with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females)
	PERA members: RP-2000 Combined Healthy Mortality

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.

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – NEW MEXICO RETIREE HEALTH CARE FUND**  
**(Continued)**

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term</b>
U.S. core fixed income	20%	2.1%
U.S. equity - large cap	20%	7.1%
Non U.S. - emerging markets	15%	10.2%
Non U.S. - developed equities	12%	7.8%
Private equity	10%	11.8%
Credit and structured finance	10%	5.3%
Real estate	5%	4.9%
Absolute return	5%	4.1%
U.S. equity - small/mid cap	3%	7.1%

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

**Basis for Allocation.** The employers' proportionate share, reported in the Schedule of Employer Allocations, is calculated using employer contributions for employers that were members of the Authority as of June 30, 2018.

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – NEW MEXICO RETIREE HEALTH CARE FUND**  
**(Continued)**

***Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate.*** The following presents the District's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the 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:

	<b>1% Decrease (3.08%)</b>	<b>Current Discount Rate (4.08%)</b>	<b>1% Increase (5.08%)</b>
District's proportionate share of the OPEB liability	\$ 33,826,880	\$ 27,948,181	\$ 23,316,820

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

	<b>1% Decrease</b>	<b>Current Trend Rate</b>	<b>1% Increase</b>
District's proportionate share of the OPEB liability	\$ 23,626,011	\$ 27,948,181	\$ 31,336,859

***OPEB plan fiduciary net position.*** Additional financial information supporting the preparation of the Schedule of Employer Allocations and the Schedule of OPEB Amounts by Employer, including the disclosure of the net OPEB liability and the unmodified audit opinion on the financial statements, is located in the New Mexico Retiree Health Care Authority financial statements for the fiscal year ended June 30, 2018. Additional financial information is available at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us) or by contacting New Mexico Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

***Payables to the Pension Plan.*** The NMRHCA requires that the contributions be remitted by the 15th day of the month following the month for which contributions are withheld. At June 30, 2019, the District recorded a payable to NMRHCA in the amount of \$124,269 for the contributions withheld in the month of June 2019, which is included in the Accrued Liabilities on the Statement of Net Position.



**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 10: CONTINGENT LIABILITIES**

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

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

**NOTE 11: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

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

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

**Nonmajor Funds**

Fund 27124 Automated Text Messaging System	\$	25
Fund 27180 Early College High School Start-Up		1
Fund 31700 Capital Improvements SB-9		20,601
<hr/>		
Total governmental funds	\$	20,627
<hr/> <hr/>		

- B. Excess of expenditures over appropriations. The District had the following fund functions with excess of expenditures over appropriations for the year ended June 30, 2019:

**Major Funds**

Fund 31701 Capital Improvements SB 9 Capital Projects - support services	\$	1,612
Fund 41000 Debt Service - support services		1,379
<hr/>		
Total governmental funds	\$	2,991
<hr/> <hr/>		

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 11: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES (Continued)**

C. Designated cash appropriations in excess of available balance. The District had the following funds with designated cash appropriations in excess of available balances for the year ended June 30, 2019:

	<b>Designated Cash</b>	<b>Beginning Year Cash &amp; AR Available</b>	<b>Appropriation in Excess of Available</b>
Fund 29107 City Count Grants	\$ 23,646	\$ -	\$ (23,646)
Fund 43000 Ed Tech Debt Service	194,816	191,434	(3,382)

**NOTE 12: CONCENTRATIONS**

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

**NOTE 13: COMMITMENTS**

The District had multiple construction projects ongoing as of the year ended June 30, 2019 that are to continue into the following fiscal year. These projects are as follows:

	<b>Expected Total Project</b>
Deming High School (Hofacket) Phase 2	\$ 180,778
Deming High School (Hofacket) Phase 2.3	4,796,905
<b>Total commitments</b>	<b>\$ 4,977,683</b>

**NOTE 14: DEFERRED COMPENSATION PLAN**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue code Section 403 (b). The plan, available to all District employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All assets and income of the plan are held in trust of the exclusive benefit of the participants and their beneficiaries.

**NOTE 15: RESTRICTED NET POSITION**

The government-wide statement of net position reports \$17,498,694 of restricted net position, all of which is restricted by enabling legislation. For descriptions of the related restrictions for net position restricted for special revenue, debt service and capital projects, see pages 42-43 and 135-139.

**NOTE 16: TAX ABATEMENTS**

While the District does not negotiate property tax abatements, Luna County does on an individual basis. There are three tax abatement agreement that affects the District as of June 30, 2019. Those agreement are as follows:

The agreement with Macho Springs I Bondholder LLC for the installation and operation of Wind Energy Project within Luna County approximately 24 miles NE of Deming, NM. The agreement began in 2010. The amount of property taxes abated during 2019 totaled \$92,550 for consideration totaling \$57,450.

This agreement was negotiated under the §7-36-3 NMSA 1978 for the installation and operation of wind energy project within Luna County. Each abatement is a local agreement between a taxpayer and a taxing unit that exempts all or part of the increase in the value of the real property and/or tangible personal property from taxation for a specific dollar amount.

There is a provision, that in the event that if the project ceases or bonds are redeemed prior to 30-year maturity the Company shall pay an amount equal to present value of the difference between remaining scheduled payments in lieu of taxes and property taxes expected at maturity per bond documents.

The agreement with Macho Springs Solar LLC for the installation and operation of Solar Energy Project within Luna County approximately 24 miles NE of Deming, NM. The agreement began in 2012. The amount of compensating tax abated during 2019 totaled \$175,000.

This agreement was negotiated under the Industrial Revenue Bond Act §4-59-1 to §4-59-16 NMSA 1978 for the installation and operation of solar energy project within Luna County. Each abatement is a local agreement between a taxpayer and a taxing unit that exempts all or part of the increase in the value of the real property and/or tangible personal property from taxation for a specific dollar amount. There is a provision, that if the project ceases or bonds are redeemed prior to 30-year maturity the Company shall pay an amount equal to present value of the difference between remaining scheduled payments in lieu of taxes and compensating taxes at maturity per bond documents.

The agreement with TPE Alta Luna LLC for the installation and operation of Solar Energy Project within Luna County approximately 24 miles NE of Deming, NM. The agreement began in 2015. The amount of property taxes abated during 2019 totaled \$22,115 for consideration totaling \$14,048.

**NOTE 16: TAX ABATEMENTS (Continued)**

This agreement was negotiated under the Industrial Revenue Bond Act §4-59-1 to §4-59-16 NMSA 1978 for the installation and operation of solar energy project within Luna County. Each abatement is a local agreement between a taxpayer and a taxing unit that exempts all or part of the increase in the value of the real property and/or tangible personal property from taxation for a specific dollar amount. There is a provision, that in the event that if the project ceases the County will exercise legal action for any unpaid amount due/terminate agreement.

The District has not made any commitments as part of the agreements other than those made by the County. The District is subject to those tax abatements agreement entered into by Luna County.

**NOTE 17: SUBSEQUENT EVENTS**

The date to which events occurring after June 30, 2019, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is November 15, 2019, which is the date on which the financial statements were issued.

The District entered into Series 2019 General Obligation Bonds in the amount of \$2,500,000. The closing date was July 18, 2019. Principal is due August 1 with a maturity date of August 1, 2032. The GO Bonds have an interest rate of 3.00%.

**NOTE 18: SUBSEQUENT PRONOUNCEMENTS**

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

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

In June 2018, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In June 2018, GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier Application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**NOTE 18: SUBSEQUENT PRONOUNCEMENTS (Continued)**

In May 2019, GASB Statement No. 91, *Conduit Debt Obligations*, was issued. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

**NOTE 19: COMPONENT UNITS**

Cesar Chavez High School Charter School (the "Charter") is organized under the laws of the State of New Mexico and authorized by Deming Public Schools ("the District"). The Charter is a component unit of the District. The accompanying financial statements do not purport to, and do not, represent the financial position and changes in financial position of the reporting entity of the District in accordance with accounting principles generally accepted in the United States of America (GAAP). The Charter operates under a Governing Council. The Governing Council is authorized to establish policies and regulations of the State Board of Education and the Legislative Financial Committee. The Governing Council is comprised of five members.

The Charter provides education opportunities for children from first through twelfth grade, including but not limited to classroom and vocational studies; as well as school oriented social and athletic activities.

This summary of significant accounting policies of the Charter is presented to assist in the understanding of the Charter's financial statements. The financial statements and notes are the representation of the Charter's management that is responsible for the financial statements. The financial statements of the Charter have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units.

**CU NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

During the year ended June 30, 2019, the Charter adopted GASB Statement No. 88 *Certain Discourses Related to Debt, including Direct Borrowing and Direct Placement* and GASB Statement No. 83, *Certain Asset Retirement Obligation*. These Statements are required to be implemented as of June 15, 2018. These statements did not materially impact the Charter's financial statements.

**A. Financial Reporting Entity**

In evaluating how to define the Charter, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statement No. 39, No. 61 and GASB Statement No. 80. Blended component units, although legally separate entities, are in substance part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

**CU NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*A. Financial Reporting Entity (Continued)*

The basic-but not the only-criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens.

A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity.

Based upon the application of these criteria, the Charter has no component units.

*B. Government-wide and Fund Financial Statements*

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Charter does not have any *business-type activities*.

In the government-wide statement of net position, the governmental activities column is presented on a consolidated basis by column, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Charter's net position are reported in three parts – Net investment in capital assets, restricted net position; and unrestricted net position.

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment.

**CU NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

*Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, state equalization, and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statement. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes, while not received in the current year, would be recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period, if received, are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period, subject to the availability criterion. Sales and use taxes are classified as derived tax revenues and are recognized as revenue when the underlying exchange takes place and the revenues are measurable and available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met, subject to the availability criterion.

All other revenue items are considered to be measurable and available only when cash is received by the government. The Charter had no tax abatements requiring separate disclosure under GASB Statement No. 77.

**CU NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The Charter reports the following major governmental funds:

The *General Fund* (11000 and 14000) is the Charter's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are provided by the Charter's state equalization and transportation funds, state instructional material allocations, and earnings from investments. Expenditures include all costs associated with the daily operations of the school except for those items included in other funds.

The General Fund includes the *Instructional Materials Fund* (14000), which is used to account for the monies received from the New Mexico Public Education Department for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students.

The *TANF/GRADS (25162)* fund is used to account for providing grants to states or territories to assist needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work, and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of two parent families. Authorized by the Social Security Act, Title IV, Part A, as amended; Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193. This fund was created by state grant provisions.

The *Public School Capital Outlay (31200)* fund is used to account for the state resources to provide reimbursement for rent facilities. Funding authority is the New Mexico Public Education Department.

The *Capital Improvements SB-9 – State (31700)* fund is used to account for resources received through Senate Bill 9 and local tax levies obtained from the purpose of building, remodeling, and equipping classroom facilities. Funding authority is the New Mexico Public Education Department.

Additionally, the Charter reports the following Fiduciary funds:

The *Agency Funds* account for assets held by the Charter in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

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



**CU NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**Deposits and Investments:** The Charter'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 Charter to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Local Government Investment Pool (LGIP). The LGIP operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**Receivables and Payables:** Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation.

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

While the Charter does not currently receive monthly income from a tax levy in Luna County, the following would be applicable in the future if it started receiving income from a tax levy. The funds would be collected by the County Treasurer and are remitted to the Charter the following month. Under the modified accrual method of accounting, the amount remitted by the County Treasurer in July and August 2019 is considered "measurable and available" and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2019. Period of availability is deemed to be sixty days subsequent to year end.

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

**CU NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Inventory:** The Charter’s method of accounting for inventory, when applicable, is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories actually are consumed. Inventory is valued at cost and consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as an expenditure at the time individual inventory items are consumed.

**Capital Assets:** Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Charter’s policies as assets with an initial, individual cost of more than \$5,000 (amount not rounded) per Section 12-6-10 NMSA 1978 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures and equipment in accordance with NMAC 2.20.1.9 C (5).

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Library books are not capitalized because they are considered to have a useful life of less than one year.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Construction projects paid for by the Public School Capital Outlay Council are included in the Charter’s capital assets. No interest was included as part of the cost of capital assets under construction.

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

<b>Assets</b>	<b>Years</b>
Building improvements	7-30 years
Equipment	5-20 years
Furniture & Fixtures	20 years

**CU NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Deferred Inflows of Resources:** In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element 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.

The Charter has one type of item which arises under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue - grants, is reported only in the governmental funds balance sheet.

These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Charter has recorded \$36,208 related to grant revenues considered "unavailable." In addition, the Charter has two types of items present on the Statement of Net Position which arise due to the implementation of GASB Statement No. 68 and the related net pension liability. Accordingly, the items, changes in proportion of \$57,172 and difference between expected and actual experience of \$55,944 are reported on the Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

In addition, the Charter has four types of items present on the Statement of Net Position which arise due to the implementation of GASB Statement No. 75 and the related post-employment benefit liability. Accordingly, the items, changes in proportion of \$56,004 changes in assumptions of \$176,408, net difference between projected and actual investments earnings of \$11,792 and differences between expected and actual experience of \$74,547, are reported on the Statement of Net Position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**CU NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Deferred Outflows of Resources:** In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element 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 Charter has five types of items that qualify for reporting in this category. Accordingly, the items, changes in proportion of \$211,825, changes of assumptions of \$807,276, differences between expected and actual experience of \$2,859, net difference between projected and actual investment earnings of \$8,671 and employer contributions subsequent to measurement date in the amount of \$140,923, are reported on the Statement of Net Position. These amounts are deferred and recognized as outflows of resources in future periods. Additionally, the Charter has one item that qualifies for reporting in this category due to the implementation of GASB Statement No. 75 and the related post-employment benefit liability. Accordingly, the item employer contributions subsequent to measurement date of \$18,877, is reported on the Statement of Net Position. The amount is deferred and recognized as outflows of resources in future periods.

**Pensions:** For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Educational Retirement 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, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Post-employment:** For purposes of measuring the post-employment liability, deferred outflows of resources and deferred inflows of resources related to post-employment, and post-employment expense, information about the fiduciary net position of the Retiree Health Care Act (RHCA) and additions to/deductions from RHCA's fiduciary net position have been determined on the same basis as they are reported by RHCA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Accrued Payroll:** In the fund financial statements, governmental fund types recognize the accrual of unpaid wages and benefits that employees have earned at the close of each fiscal year. The amount recognized in the fund financial statements represents checks that were held at year end in relation to employee's summer payroll.

**CU NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Fund Balance Classification Policies and Procedures:** The Charter has implemented GASB Statement No. 54 and has defined the various categories reported in fund balance. For committed fund balance, the Charter's highest level of decision-making authority is the Board of Education. The formal action that is required to be taken to establish a fund balance commitment is a resolution of the Governing Council.

For assigned fund balance, the Governing Council or an official or body to which the Charter's Governing Council delegates the authority is authorized to assign amounts to a specific purpose. The authorization policy is in governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

For the classification of fund balances, the Charter considers restricted or unrestricted amounts to have been spent when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the Charter considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**Nonspendable Fund Balance:** At June 30, 2019, the Charter did not have fund balance in nonspendable form.

**Restricted and Committed Fund Balance:** At June 30, 2019, the restricted fund balance on the governmental funds balance sheet is made up of \$25,687 for instructional materials and education to the students of the Charter.

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

- a. Net investment in capital assets: Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted Net Position: Net position is reported as restricted when constraints are placed on the use either by: (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position restricted for "special revenue, capital projects, and debt service" are described on pages 33-34 and 78 of the separately issued annual financial report of Deming Cesar Chavez Charter High School, a component unit of the District.

**CU NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

- c. Unrestricted Net Position: Net position that does not meet the definition of “Restricted” or “Net Investment in Capital Assets.”

**Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates for the Charter are management’s estimate of depreciation on assets over their estimated useful lives, net pension liability and related deferred inflows and outflows of resources, and the current portion of accrued compensated absences.

*E. Revenues*

**State Equalization Guarantee:** School Charters in the State of New Mexico receive a ‘state equalization guarantee distribution’ which is defined as “that amount of money distributed to each school Charter to insure that the school Charter’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 Charter’s program costs.”

A school Charter’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 Charter received \$1,638,389 in state equalization guarantee distributions during the year ended June 30, 2019.

**Instructional Materials:** The Public Education Department (Department) receives federal mineral leasing funds from which it makes annual allocations to the various school Charters for the purchase of educational materials. Of each allocation, seventy percent is restricted to the requisition of materials listed in the State Board of Education “State Adopted Instructional Material” list, while thirty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2019 totaled \$5,396.

**CU NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*E. Revenues (Continued)*

**Public School Capital Outlay:** The public school capital outlay fund was created under the provisions of Chapter 22, Article 24, NMSA 1978. The money in the fund may be used for: capital expenditures deemed by the public school capital outlay council to be necessary for an adequate educational program per Section 22-24-4(B); core administrative functions of the public school facilities authority and for project management expenses upon approval of the council per Section 22-24-4(G); and for the purpose of demolishing abandoned school Charter facilities, upon application by a school Charter to the council, per Section 22-24-4(L).

Money in the fund shall be disbursed by warrant of the Department of Finance and Administration on vouchers signed by the Secretary of Finance and Administration following certification by the council that the application has been approved.

The Charter received \$61,785 of Public School Capital Outlay matching during the year ended June 30, 2019.

**Federal Grants:** The Charter receives revenues from various Federal departments (both direct and indirect), which are legally restricted to expenditures for specific purposes. These programs are reported as Special Revenue Funds. Each program operates under its own budget, which has been approved by the Federal Department or the flow-through agency (usually the New Mexico Public Education Department). The various budgets are approved by the local School Board and the New Mexico Public Education Department.

**CU NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

*Budgetary Information*

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

These budgets are prepared on the modified cash basis with payroll or held checks being accrued and expensed, therefore, fund balances on the budget statements do not reconcile to cash due to the Charter's accrued payroll, which is presented on the accrual basis.

**CU NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

*Budgetary Information (Continued)*

Because the budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year, such appropriated balance is legally restricted and is therefore presented as restricted fund balance.

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

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

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

1. In April or May, the local school board submits to the Charter Budget Planning Unit (DBPU) of the New Mexico Public Education Department (PED) a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets are submitted to the State of New Mexico Public Education Department.
2. In May or June of each year, the proposed “operating” budget will be reviewed and approved by the DBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school Charter for the ensuing fiscal year.
3. The school board meeting is open for the general public unless a closed meeting has been called.
4. The “operating” budget will be used by the Charter until they have been notified that the budget has been approved by the DBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
5. The Charter shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the DBPU.



**Deming Public Schools**  
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**CU NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

*Budgetary Information (Continued)*

6. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Public Education Department.
7. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school Charter and approved by the DBPU.
8. Legal budget control for expenditures is by function.
9. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget schedules included in the accompanying financial statements reflect the original budget and the final budget.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.

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

The appropriated budget for the year ended June 30, 2019, was properly amended by the Charter's Board of Education throughout the year. These amendments resulted in the following changes:

	<b>Excess (deficiency) of</b>	
	<b>Revenues over Expenditures</b>	
	<b>Original Budget</b>	<b>Final Budget</b>
Budgeted funds:		
General Fund	\$ (414,491)	\$ (414,491)
TANF/GRADS	(31,937)	(31,937)
Public School Capital Outlay	-	-
Capital Improvements SB-9 State	-	-
Other governmental funds	(1,727)	(1,727)

**CU NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

*Budgetary Information (Continued)*

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

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

**CU NOTE 3: DEPOSITS**

Section 22-8-40, NMSA 1978 authorizes the investment of Charter funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the Charter properly followed State investment requirements as of June 30, 2019.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the Charter. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance. The collateral pledged is listed on Schedule of Collateral Pledged by Depository for Public Funds in this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, Charter or political subdivision of the State of New Mexico.

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 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.

All of the Charter's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, will be insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 for all deposit accounts out of state and up to \$250,000 for all time and saving accounts plus up to \$250,000 for all demand deposit accounts held at a single institution in state.

**Deming Public Schools**  
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**June 30, 2019**

**CU NOTE 3: DEPOSITS (Continued)**

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Charter’s deposits may not be returned to it. The Charter does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2019, \$305,334 of the Charter’s bank balance of \$555,334 was exposed to custodial credit risk. \$250,583 was uninsured and collateralized by collateral held by the pledging bank’s trust department not in the Charter’s name, and \$54,751 was uninsured and uncollateralized.

	<b>First New Mexico Bank</b>	<b>Total</b>
Amount of deposits	\$ 555,334	\$ 555,334
FDIC Coverage	(250,000)	(250,000)
Total uninsured public funds	305,334	305,334
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the School's name	250,583	250,583
Uninsured and uncollateralized	\$ 54,751	\$ 54,751
Collateral requirement (50% of uninsured funds)	\$ 152,667	\$ 152,667
Pledged collateral	250,583	250,583
Over (Under) collateralized	\$ 97,916	\$ 97,916

The collateral pledged is listed on Schedule of Collateral Pledged by Depository for Public Funds of this report. The types of collateral allowed are limited to direct obligations of the United States Government, all bonds issued by any agency, District or political subdivision of the State of New Mexico, securities, including student loans, that are guaranteed by the United States or the State of New Mexico, revenue bonds that are underwritten by a member of the financial industry regulatory authority, known as FINRA, and are rated BAA or above by a nationally recognized bond rating service, or letter of credit issued by a federal home loan bank.

**Deming Public Schools**  
**Notes to Financial Statements**  
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**CU NOTE 3: DEPOSITS (Continued)**

The Charter utilizes internal pooled accounts for some of their programs and funds. Negative cash balances in individual funds that were part of the pooled accounts were reclassified as due to/from accounts in the combining balance sheet as of June 30, 2019. The following individual funds had negative cash balances as of June 30, 2019:

24101	Title I IASA	\$	8,254
28133	Youth Conservation Corp NMEMNR		12,444
31200	Public School Capital Outlay		61,785
31700	SB-9 Capital Outlay		20,208
<hr/>			
<b>Total</b>		<b>\$</b>	<b>102,691</b>

Reconciliation to the Statement of Net Position

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

Cash and cash equivalents	\$	492,045
Agency funds cash		4,012
<hr/>		
Total cash and cash equivalents		496,057
<hr/>		
Add: outstanding checks		59,277
<hr/>		
Bank balance of deposits	\$	555,334

**CU NOTE 4: ACCOUNTS RECEIVABLE**

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

	<b>Public School Capital Outlay 31200</b>	<b>Other Governmental Funds</b>		<b>Total</b>
<hr/>				
Intergovernmental-grants:				
Federal	\$ 61,785	\$ 13,608	\$	75,393
<hr/>				
Totals by category	\$ 61,785	\$ 13,608	\$	75,393

The above receivables are deemed 100% collectible.

**Deming Public Schools**  
**Notes to Financial Statements**  
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**CU NOTE 5: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The Charter records temporary interfund receivables and payables to enable the funds to operate until grant monies are received. The composition of interfund balances during the year ended June 30, 2019 is as follows:

	<b>Due To</b>	<b>Due From</b>
<b>Governmental activities:</b>		
General Fund	\$ -	\$ 102,691
Title I IASA	8,254	-
Youth Conservation Corp NMEMNR	12,444	-
Public School Capital Outlay	61,785	-
SB-9 Capital Outlay	20,208	-
<b>Total interfund transfers</b>	<b>\$ 102,691</b>	<b>\$ 102,691</b>

All interfund balances are intended to be repaid within one year.

The Charter did not have any operating transfers during the year end June 30, 2019.

**Deming Public Schools**  
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**CU NOTE 6: CAPITAL ASSETS**

A summary of capital assets and changes occurring during the year ended June 30, 2019, including those changes pursuant to the implementation of GASB Statement No. 34, follows. Land and construction in progress are not subject to depreciation.

Capital assets, net of accumulated depreciation, at June 30, 2019 appear in the Statement of Net Position as follows:

<b>Governmental activities:</b>	<b>Balance</b>				<b>Balance</b>
	<b>June 30, 2018</b>	<b>Additions</b>	<b>Deletions</b>		<b>June 30, 2019</b>
Capital assets being depreciated:					
Buildings and improvements	\$ 510,514	\$ -	\$ -		\$ 510,514
Furniture and equipment	155,435	-	-		155,435
<b>Total capital assets being depreciated</b>	<b>665,949</b>	<b>-</b>	<b>-</b>		<b>665,949</b>
Less accumulated depreciation:					
Buildings and improvements	(66,610)	(13,090)	-		(79,700)
Furniture and equipment	(125,074)	(10,957)	-		(136,031)
<b>Total accumulated depreciation</b>	<b>(191,684)</b>	<b>(24,047)</b>	<b>-</b>		<b>(215,731)</b>
<b>Total capital assets, net of depreciation</b>	<b>\$ 474,265</b>	<b>\$ (24,047)</b>	<b>\$ -</b>		<b>\$ 450,218</b>

Depreciation expense for the year ended June 30, 2019 was charged to the following function:

<b>Governmental activities</b>	
Support services - school administration	\$ 1,079
Operation and maintenance of plant	22,968
<b>Total</b>	<b>\$ 24,047</b>

**CU NOTE 7: RISK MANAGEMENT**

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

The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$15,000 deductible per occurrence with a maximum annual deductible of \$60,000. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$250,000 per occurrence for Faithful Performance. A limit of \$250,000 applies to Depositor's Forgery, Credit Card Forgery, and Money Orders. A limit of \$100,000 applies to Money and Securities, which include a \$750 deductible.

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

**CU NOTE 8: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD**

**General Information about the Pension Plan**

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

**Deming Public Schools**  
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**CU NOTE 8: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)**

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

All accumulated assets are held by the Plan in trust to pay benefits, including refunds of contributions as defined in the terms of the Plan. Eligibility for membership in the Plan is a condition of employment, as defined in Section 22-11-2, NMSA 1978. Employees of public schools, universities, colleges, junior colleges, 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: the member's final average salary (FAS), the number of years of service credit, and 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. A brief summary of Plan coverage provisions follows:

For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs: the member's age and earned service credit add up to the sum of 75 or more; the member is at least sixty-five years of age and has five or more years of earned service credit; or the member has service credit totaling 25 years or more.

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on or after July 1, 2010. The eligibility for a member who either becomes a new member on or after July 1, 2010, or at any time prior to that date refunded all member contributions and then became, or becomes, reemployed after that date is as follows: the member's age and earned service credit add up to the sum of 80 or more; the member is at least sixty-seven years of age and has five or more years of earned service credit; or the member has service credit totaling 30 years or more.

Section 2-11-23.2, NMSA 1978 added eligibility requirements for new members who were first employed on or after July 1, 2013, or who were employed before July 1, 2013 but terminated employment and subsequently withdrew all contributions, and returned to work for an ERB employer on or after July 1, 2013. These members must meet one of the following requirements: the member's minimum age is 55, and has earned 30 or more years of service credit. Those who retire earlier than age 55, but with 30 years of earned service credit will have a reduction in benefits to the actuarial equivalent of retiring at age 55; the member's minimum age and earned service credit add up to the sum of 80 or more, those who retire under the age of 65, and who have fewer than 30 years of earned service credit will receive reduced retirement benefits; the member's age is 67, and has earned 5 or more years of service credit.



**CU NOTE 8: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)**

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

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit each July 1, beginning in the year the member attains or would have attained age 65 or on July 1 of the year following the member's retirement date, whichever is later. Prior to June 30, 2013 the COLA adjustment was equal to one-half the change in the Consumer Price Index (CPI), except that the COLA shall not exceed 4% nor be less than 2%, unless the change in CPI is less than 2%, in which case, the COLA would equal the change in the CPI, but never less than zero. As of July 1, 2013, for current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction was based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.5%. All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.7%. All other retirees will have a 10% COLA reduction; their average will be 1.8%.

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

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

**Deming Public Schools**  
**Notes to Financial Statements**  
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**CU NOTE 8: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)**

**Contributions.** The contribution requirements of plan members and the Charter are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2019 employers contributed 13.90% of employees' gross annual salary to the Plan. Employees earning \$20,000 or less contributed 7.90% and employees earning more than \$20,000 contributed 10.70% of their gross annual salary. Contributions to the pension plan from the Charter were \$140,923 for the year ended June 30, 2019.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2017. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2016, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2017. At June 30, 2019, the Charter reported a liability of \$3,917,004 for its proportionate share of the net pension liability. The Charter's proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2018. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2018, the Charter's proportion was .03294 percent, which was an increase of 0.29547 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Charter recognized pension expense of \$732,289.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in proportion	\$ 211,825	\$ 57,172
Changes of assumptions	807,276	-
Differences between expected and actual experience	2,859	74,547
Net difference between projected and actual earnings on pension plan investments	8,671	-
Charter's contributions subsequent to the measurement date	140,923	-
<b>Total</b>	<b>\$ 1,171,554</b>	<b>\$ 131,719</b>

\$140,923 reported as deferred outflows of resources related to pensions resulting from Charter contributions subsequent to the measurement date of June 30, 2019, will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**CU NOTE 8: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 599,555
2020	317,130
2021	(17,887)
2022	114
2023	-
Thereafter	-

**Actuarial assumptions.** The total pension liability, net pension liability, and certain sensitivity information shown in this report are based on actuarial valuation and performed as of June 30, 2017. The total pension liability was rolled forward from the valuation date to the Plan's year ending June 30, 2018 using generally accepted actuarial principles. The liabilities reflect the impact of Senate Bill 115, signed into law March 29, 2013 and new assumptions adopted by the Board of Trustees on April 21, 2017. Specifically, the liabilities measured as of June 30, 2016 incorporate the following assumptions:

1. All members with an annual salary of more than \$20,000 will contribute 10.70% during the fiscal year ending June 30, 2016 and thereafter.
2. Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.
3. COLAs for most retirees are reduced until ERB attains a 100% funded status.
4. These assumptions were adopted by the Board on April 21, 2017 in conjunction with the six year experience study period ending June 30, 2016.
5. For purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years.

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**CU NOTE 8: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)**

The actuarial methods and assumptions used to determine contributions rates included in the measurement are as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Period	Amortized – closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method	5 year smoothed market
Inflation	2.50%
Salary Increase	Composed of 2.50% inflation, plus 0.75% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.25%
Retirement Age	Experience based table rates based on age and service, adopted by the Board on April 21, 2017 in conjunction with the six-year experience study for the period ending June 30, 2016.
Mortality	Healthy males: 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.  Healthy females: GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with Scale BB from the table's base year of 2012.

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class. ERB's investment allocation policy was reviewed and amended by the Board of Trustees on August 26, 2016.

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**CU NOTE 8: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)**

Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The following schedule shows the current asset allocation policy adopted on August 26, 2016.

**Comparative Schedule of Target Investment Allocation**

<b>Asset Class</b>	<b>Allocation</b>	<b>Policy Target</b>
<b>Equities</b>		
<i>Domestic Equities</i>		
Large cap equities	16.60%	16.00%
Small- mid cap equities	3.20%	3.00%
<i>Total domestic</i>	19.80%	19.00%
<i>International Equities</i>		
Developed	4.90%	5.00%
Emerging markets	8.90%	9.00%
<i>Total international</i>	13.80%	14.00%
<b>Total equities</b>	<b>33.60%</b>	<b>33.00%</b>
<b>Fixed Income</b>		
Opportunistic credit	18.70%	18.00%
Core bonds	6.80%	6.00%
Emerging market debt	1.70%	2.00%
<b>Total fixed income</b>	<b>27.20%</b>	<b>26.00%</b>
<b>Alternatives</b>		
Real estate - REITS	2.00%	7.00%
Real assets	7.40%	8.00%
Private equity	13.00%	13.00%
Global asset allocation	4.90%	4.00%
Risk parity	5.20%	3.00%
Other	5.40%	5.00%
<b>Total alternatives</b>	<b>37.90%</b>	<b>40.00%</b>
<b>Cash</b>	<b>1.30%</b>	<b>1.00%</b>
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**CU NOTE 8: PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (Continued)**

For the years ended June 30, 2018 the annual money-weighted rates of return on pension plan investments was 8.38%.

**Discount rate:** A single discount rate of 5.69% was used to measure the total ERB pension liability as of June 30, 2018. This discount rate was based on an expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.62%. Based on the stated assumptions and the projection of cash flows, the Plan’s fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2050. As a result, the long-term expected rate of return on pension plan investments was applied to project benefit payments through the 2050 fiscal year, and the municipal bond rate was applied to all benefit payments after that date.

**Sensitivity of the Charter’s proportionate share of the net pension liability to changes in the discount rate.** The following table shows the sensitivity of the net pension liability to changes in the discount rate as of the fiscal year end 2018. In particular, the table presents the (employer’s) net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (4.69%) or one percentage point higher (6.69%) than the single discount rate.

	1% Decrease (4.69%)	Current Discount Rate (5.69%)	1% Increase (6.69%)
District’s proportionate share of the net pension liability	\$ 5,090,606	\$ 3,917,004	\$ 2,959,419

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

**Payables to the pension plan.** The Charter remits the legally required employer and employee contributions on a monthly basis to ERB. The ERB requires that the contributions be remitted by the 15<sup>th</sup> day of the month following the month for which contributions are withheld. At June 30, 2019, the Charter owed the ERB \$767 for the contributions withheld in the month of June 2019.

**CU NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – NEW MEXICO RETIREE HEALTH CARE FUND**

**General Information about the Other Post-Employment Benefits Plan**

**Plan Description.** Substantially all of the Charter’s full-time employees are provided with other post-employment benefits (OPEB) through the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was created by the state’s Retiree Health Care Act, Section 10-7C-1 through 10-7C-16, NMSA 1978, as amended, to administer the New Mexico Retiree Health Care Fund (Plan). The Plan is a cost-sharing, multiple employer defined benefit healthcare plan established to provide comprehensive core group health insurance for persons who have retired from certain public service in New Mexico.

The purpose is to provide 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 consisting of a plan or optional plans of benefits that can be purchased by funds flowing into the retiree health care fund and by co-payments or out-of-pocket payments of eligible retirees.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during the period of time made contributions as a participant in plan on the person’s behalf, unless that person retires before the employer’s effective date, in which event the time period required for employee and employer contributions shall become

the period of time between the employer’s effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The Authority issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the NMRHCA at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

**Benefits provided.** The Act authorizes the NMRHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service-based subsidy rate schedule for the medical, plus basic life plan, plus an additional participation fee of five dollars (\$5) if the eligible participant retired prior to the employer’s effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the NMRHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

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

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**CU NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – NEW MEXICO RETIREE HEALTH CARE FUND**  
**(Continued)**

The Act is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2019, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary.

For employees that were not members of an enhanced plan during the fiscal year ended June 30, 2019, the statute required each participating employer to contribute 2% of each participating employee's annual salary; each participating employee was required to contribute 1% of their salary. In addition, pursuant to Section 10-7C- 5(G) NMSA 1978, at the first session of the Legislature following July 1, 2014, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Act.

The Charter's contributions to the plan for the year ended June 30, 2019 totaled \$18,877, which equals the required contributions for the year.

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:*** At June 30, 2019, the Charter reported a liability of \$944,898 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Charter's proportion of the net OPEB liability was based on a projection of the Charter's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the Charter's proportion was .02173 percent.



**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**CU NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – NEW MEXICO RETIREE HEALTH CARE FUND**  
**(Continued)**

For the year ended June 30, 2019, the Charter recognized OPEB expense of (\$13,845). At June 30, 2019, the Charter reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in proportion	\$ -	\$ 56,004
Changes of assumptions	-	176,408
Differences between expected and actual experience	-	55,944
Net difference between projected and actual earnings on pension plan investments	-	11,792
Charter's contributions subsequent to the measurement date	18,877	-
<b>Total</b>	<b>\$ 18,877</b>	<b>\$ 300,148</b>

\$18,877 reported as deferred outflows of resources related to OPEB resulting from the Charter's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:		
2019	\$	(73,897)
2020		(73,897)
2021		(73,897)
2022		(59,769)
2023		(18,688)

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**CU NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – NEW MEXICO RETIREE HEALTH CARE FUND**  
**(Continued)**

**Actuarial assumptions.** The total OPEB liability in the June 30, 2017 actuarial valuation was determined by an actuarial valuation as of June 30, 2017. The mortality, retirement, disability, turnover and salary increase assumptions are based on the PERA annual valuation as of June 30, 2016 and the ERB actuarial experience study as of June 30, 2016. The following actuarial assumptions were applied to the actuary's measurement:

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 member, 2.25% for PERA members
Projected payroll increase	3.50% to 12.50% based on years of service, including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
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
Mortality	ERB members: RP-2000 Combined Mortality Tables with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females)  PERA members: RP-2000 Combined Healthy Mortality

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**CU NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – NEW MEXICO RETIREE HEALTH CARE FUND**  
**(Continued)**

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:

**Comparative Schedule of Target Investment Allocation**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term</b>
U.S. core fixed income	20%	2.1%
U.S. equity - large cap	20%	7.1%
Non U.S. - emerging markets	15%	10.2%
Non U.S. - developed equities	12%	7.8%
Private equity	10%	11.8%
Credit and structured finance	10%	5.3%
Real estate	5%	4.9%
Absolute return	5%	4.1%
U.S. equity - small/mid cap	3%	7.1%

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

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**CU NOTE 9: OTHER POST-EMPLOYMENT BENEFITS (OPEB) – NEW MEXICO RETIREE HEALTH CARE FUND**  
**(Continued)**

**Basis for Allocation.** The employers' proportionate share, reported in the Schedule of Employer Allocations, is calculated using employer contributions for employers that were members of NMRHCA as of June 30, 2018.

**Sensitivity of the Charter's proportionate share of the net OPEB liability to changes in the discount rate.** The following presents the Charter's proportionate share of the net OPEB liability, as well as what the Charter's proportionate share of the 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:

	<b>1% Decrease</b>	<b>Current Discount</b>	<b>1% Increase</b>
	<b>(3.08%)</b>	<b>Rate</b>	<b>(5.08%)</b>
		<b>(4.08%)</b>	
Charter's proportionate share of the OPEB liability	\$ 1,143,548	\$ 944,898	\$ 788,316

The following presents the net OPEB Liability of NMRHCA as of June 30, 2018, as well as what the Fund's net OPEB Liability would be if it were calculated using a health cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the health cost trend rates used:

	<b>1% Decrease</b>	<b>Current Trend</b>	<b>1% Increase</b>
		<b>Rate</b>	
Charter's proportionate share of the OPEB liability	\$ 798,770	\$ 944,898	\$ 1,059,465

**OPEB plan fiduciary net position.** Additional financial information supporting the preparation of the Schedule of Employer Allocations and the Schedule of OPEB Amounts by Employer, including the disclosure of the net OPEB liability and the unmodified audit opinion on the financial statements, is located in the New Mexico Retiree Health Care Authority financial statements for the fiscal year ended June 30, 2018. Additional financial information is available at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us) or by contacting New Mexico Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

**Payables to the Pension Plan.** The NMRHCA requires that the contributions be remitted by the 15th day of the month following the month for which contributions are withheld. At June 30, 2019, the Charter did not have a recorded a payable to NMRHCA for the contributions withheld in the month of June, 2019.

**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**CU NOTE 10: CONTINGENT LIABILITIES**

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

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

**CU NOTE 11: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

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

- D. Deficit fund balance of individual funds. The Charter had the following fund that maintained a deficit fund balance for the year ended June 30, 2019: improvements

Fund 31700 Capital Improvements SB-9 State	\$ 20,208
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- E. Excess of expenditures over appropriations. The Charter had the following funds with excess of expenditures over appropriations for the year ended June 30, 2019:

Fund 24101 Title I IASA - Instruction	\$ 59,931
Fund 24106 Entitlement IDEA-B - Instruction	3,265
Fund 29107 City/County Grants - Instruction	1,354
<hr/>	
Total governmental funds	\$ 64,550

- F. Designated cash appropriations in excess of available balance. The Charter had no funds with designated cash appropriations in excess of available balances for the year ended June 30, 2019.

**CU NOTE 12: CONCENTRATIONS**

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

**CU NOTE 13: COMMITMENTS**

The Charter had no ongoing construction projects as of the year ended June 30, 2019.

**CU NOTE 14: DEFERRED COMPENSATION PLAN**

The Charter offers its employees a deferred compensation plan created in accordance with Internal Revenue code Section 403(b). The plan, available to all Charter employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All assets and income of the plan are held in trust of the exclusive benefit of the participants and their beneficiaries.

**CU NOTE 15: RESTRICTED NET POSITION**

The government-wide statement of net position reports \$11,394 of restricted net position, all of which is restricted by enabling legislation. For descriptions of the related restrictions for net position restricted for special revenue see pages 33-34 and 78 of the separately issued annual financial report of Deming Cesar Chavez Charter High School, a component unit of the District.

**CU NOTE 16: SUBSEQUENT EVENTS**

The date to which events occurring after June 30, 2019, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosures is November 15, 2019, which is the date on which the financial statements were issued.

**CU NOTE 17: SUBSEQUENT PRONOUNCEMENTS**

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

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

In June 2018, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The Charter is still evaluating how this pronouncement will affect the financial statements.



**Deming Public Schools**  
**Notes to Financial Statements**  
**June 30, 2019**

**CU NOTE 17: SUBSEQUENT PRONOUNCEMENTS (Continued)**

In June 2018, GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier Application is encouraged. The Charter is still evaluating how this pronouncement will affect the financial statements.

In May 2019, GASB Statement No. 91, *Conduit Debt Obligations*, was issued. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The Charter is still evaluating how this pronouncement will affect the financial statements.

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## **Required Supplementary Information**

**Deming Public Schools**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**Educational Retirement Board (ERB) Pension Plan**  
**Last 10 Fiscal Years\***

	<b>2019</b>	<b>2018</b>
	<b>Measurement</b>	<b>Measurement</b>
	<b>Date</b>	<b>Date</b>
	<b>(As of and for</b>	<b>(As of and for</b>
	<b>the Year Ended</b>	<b>the Year Ended</b>
	<b>June 30, 2018)</b>	<b>June 30, 2017)</b>
Deming Public Schools' proportion of the net pension liability (asset)	0.98203%	1.00080%
Deming Public Schools' proportionate share of the net pension liability (asset)	\$ 116,776,438	\$ 111,223,590
Deming Public Schools' covered payroll	\$ 27,445,728	\$ 28,192,609
Deming Public Schools' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	425%	395%
Plan fiduciary net position as a percentage of the total pension liability	52.17%	52.95%

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

*See independent auditors' report.*  
*See notes to required supplementary information.*

<b>2017</b>	<b>2016</b>	<b>2015</b>
<b>Measurement</b>	<b>Measurement</b>	<b>Measurement</b>
<b>Date</b>	<b>Date</b>	<b>Date</b>
<b>(As of and for</b>	<b>(As of and for</b>	<b>(As of and for</b>
<b>the Year Ended</b>	<b>the Year Ended</b>	<b>the Year Ended</b>
<b>June 30, 2016)</b>	<b>June 30, 2015)</b>	<b>June 30, 2014)</b>
1.00766%	0.97924%	0.9889%
\$ 72,515,582	\$ 63,427,983	\$ 56,421,681
\$ 28,779,050	\$ 27,836,551	\$ 25,780,182
252%	228%	219%
63.97%	63.97%	66.34%

*See independent auditors' report.  
See notes to required supplementary information.*

**Deming Public Schools  
Schedule of Contributions  
Educational Retirement Board (ERB) Pension Plan  
Last 10 Fiscal Years\***

	<b>As of and for the Year Ended June 30, 2019</b>	<b>As of and for the Year Ended June 30, 2018</b>
Contractually required contribution	\$ 4,107,888	\$ 3,816,721
Contributions in relation to the contractually required contribution	4,107,888	3,816,721
Contribution deficiency (excess)	\$ -	\$ -
Deming Public Schools covered payroll	\$ 29,528,695	\$ 27,445,728
Contribution as a percentage of covered payroll	13.90%	13.90%

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

*See independent auditors' report.  
See notes to required supplementary information.*

<b>As of and for the Year Ended June 30, 2017</b>	<b>As of and for the Year Ended June 30, 2016</b>	<b>As of and for the Year Ended June 30, 2015</b>
\$ 3,918,774	\$ 4,000,590	\$ 3,869,274
<u>3,918,774</u>	<u>4,000,590</u>	<u>3,869,274</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 28,192,609	\$ 28,779,050	\$ 27,836,551
13.90%	13.90%	13.90%

*See independent auditors' report.  
See notes to required supplementary information.*

**Deming Public Schools**  
**Notes to Required Supplementary Information**  
**Educational Retirement Board (ERB) Pension Plan**  
**June 30, 2019**

*Changes of benefit terms.*

The COLA and retirement eligibility benefits changes in recent years are described in the Benefits Provided subsection of the financial statement note disclosure Pension Plan – Educational Retirement Board, General Information on the Pension Plan.

*Changes of assumptions.*

The Board of Trustees approved the following economic and demographic assumptions used in the fiscal year 2017 actuarial calculation of the total pension liability on June 30, 2017:

- 1) Lower wage inflation from 4.25% to 3.75%
- 2) Update the mortality tables to incorporate generational improvements
- 3) Update demographic assumptions to use currently published tables, which may result in minor calculation changes
- 4) Maintain in current 3.00% inflation assumption
- 5) Retain net 4.75% real return assumption
- 6) Retain 7.75% nominal return assumption
- 7) No change to COLA assumption of 2.00% per year
- 8) Maintain current payroll growth assumption of 3.50%
- 9) Maintain experience-based rates for members who joined NMERB by June 30, 2010
- 10) Remove population growth assumption for projections
- 11) Lower population growth from .50% to zero (no impact on valuation results)

Assumption changes increased the Education Retirement Board's total pension liability by \$299,084,856 for fiscal year ending June 30, 2015 as a result of the changes of assumptions described

*See independent auditors' report.*

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**Deming Public Schools**  
**Schedule of Employer's Proportionate Share of the Net OPEB Liability of**  
**New Mexico Retiree Health Care Act Plan**  
**New Mexico Retiree Health Care Authority (NMRHCA) Plan**  
**Last 10 Fiscal Years\***

	<b>2019</b>	<b>2018</b>
	<b>Measurement</b>	<b>Measurement</b>
	<b>Date</b>	<b>Date</b>
	<b>(As of and for</b>	<b>(As of and for</b>
	<b>the Year Ended</b>	<b>the Year Ended</b>
	<b>June 30, 2018)</b>	<b>June 30, 2017)</b>
Deming Public Schools' proportion of the net OPEB liability	0.64273%	0.66391%
Deming Public Schools' proportionate share of the net OPEB liability	\$ 27,948,181	\$ 30,086,230
Deming Public Schools' covered-employee payroll	\$ 29,499,028	\$ 27,656,149
Deming Public Schools' proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	94.74%	108.79%
Plan fiduciary net position as a percentage of the total OPEB liability	13.14%	11.34%

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

*See independent auditors' report.*  
*See notes to required supplementary information.*



**Deming Public Schools Public Schools  
Schedule of Employer Contributions  
New Mexico Retiree Health Care Authority (NMRHCA) Plan  
Last 10 Fiscal Years\***

	<b>As of and for the Year Ended June 30, 2019</b>	<b>As of and for the Year Ended June 30, 2018</b>
Contractually required contributions	\$ 589,981	\$ 548,891
Contributions in relation to the contractually required contribution	(589,981)	(548,891)
Contribution deficiency (excess)	\$ -	\$ -
Deming Public Schools' covered-employee payroll	\$ 29,499,028	\$ 27,444,559
Contributions as a percentage of covered-employee payroll	2.00%	2.00%

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

*See independent auditors' report.  
See notes to required supplementary information.*

**Deming Public Schools**  
**Notes to Required Supplementary Information**  
**New Mexico Retiree Health Care Authority (NMRHCA) Plan**  
**June 30, 2019**

**Changes of benefit terms.** The NMRHCA eligibility benefits changes in recent years are described in Note 1 of the NMRHC FY18 audit available at [http://www.nmrhca.org/uploads/FileLinks/5fccea70107e4b9fa9b1a47723691d2a/NM\\_RHCA\\_Audited\\_FS\\_6.30.18.pdf](http://www.nmrhca.org/uploads/FileLinks/5fccea70107e4b9fa9b1a47723691d2a/NM_RHCA_Audited_FS_6.30.18.pdf).

**Changes of assumptions.** The New Mexico Retiree Healthcare Authority (NMRHCA) Actuarial Valuation as of June 30, 2018 report is available at [http://www.nmrhca.org/uploads/FileLinks/4310380076d642ecb015117ae3cdbae8/5559596\\_NMRHCA\\_GASB74\\_Report\\_as\\_of\\_June\\_30\\_2018.pdf](http://www.nmrhca.org/uploads/FileLinks/4310380076d642ecb015117ae3cdbae8/5559596_NMRHCA_GASB74_Report_as_of_June_30_2018.pdf). See the notes to the financial statements beginning on page 14 which summarizes actuarial assumptions and methods effective with the June 30, 2018 valuation.

*See independent auditors' report.*

## Supplementary Information

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## **Nonmajor Governmental Funds**

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**Deming Public Schools**  
**Nonmajor Governmental Fund Descriptions**  
**June 30, 2019**

**SPECIAL REVENUE FUNDS**

**ALL FEDERAL FUNDS** – The Special Revenue Funds are used to account for grant funds received from the U.S. Department of Education through the New Mexico Public Education Department. These funds are to be used for purposes specified in the grant awards and may not be used for any other purpose.

**Athletics (22000)** – This fund is used to account for fees generated at athletic activities throughout the School District. The gate receipts are obtained from the general public and are expended in this fund. The authority for creation of this fund is 6.20.2 NMAC.

**Non-Instructional Education Support (23000)** – To account for funds paid for course fee which are approved by the Board of Education.

**Migrant Children Education (24103)** – To account for federal sources administered by the New Mexico State Public Education Department to provide for special education needs of children of migratory agricultural workers. Authority for the creation of this fund is (P.L. 100-297).

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

**Preschool IDEA-B (24109)** – The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all students with disabilities from ages three to five. Federal revenues accounted for in this fund are allocated to the Schools through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is the Individuals with Disabilities Education Act (IDEA), Part B, Section 619, as amended, 20 U.S.C. 1419.

**Education of Homeless (24113)** – To provide tutoring and remedial academic services to homeless children and youth within the District. Funding is by the McKinney-Vento Homeless Assistance Act, Title VII, Subtitle B.

**Center for Disease Control's Healthy Schools Program (24130)** – This program supports evidence-based strategies and activities to reduce the risk of children and adolescents developing chronic disease in the future, manage chronic conditions prevalent in student populations (asthma, diabetes, epilepsy, food allergies, oral health) and improve academic success. Long-term outcomes include: (1) increasing the number of students who consume nutritious food and beverages, (2) increasing the number of students who participate in daily physical activity, and (3) reducing chronic health issues among students and improving health outcomes in schools. This program is authorized under sections 301(a) and 317(k)(2) of the Public Health Services Act.

**IDEA-B Results Plan (24132)** – The purpose of this grant award is to support activities included in the school's Education Plan for Student Success, or areas in need of improvement, identified through the instructional audit. The program is funded by the United States government, under the Individuals with Disabilities Act, Public Law 108-446 Part B.

**Deming Public Schools**  
**Nonmajor Governmental Fund Descriptions**  
**June 30, 2019**

**SPECIAL REVENUE FUNDS (Continued)**

**English Language Acquisition (24153)** – To provide funds to improve the educational performance of limited English proficient students by assisting the children to learn English and meet State academic content standards. Authority for creation of this fund is the Elementary and Secondary Education Act (ESEA), as amended, Title III, Part A, Sections 3101, 3129.

**Teacher/Principal Training/Recruiting (24154)** – To improve the skills of teachers and the quality of instruction in mathematics and science and also to increase the accessibility of such instruction to all students. Authority for creation of this fund is the Rehabilitation Act of 1973, as amended, Title III, Section 303(b)-(d). 20 U.S.C. 777a and 797a.

**Rural & Low Income Schools (24160)** – To account for funds used to provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. Authorized by Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended.

**Immigrant Funding - Title III (24163)** – The objective of this grant is to help ensure that English learners (ELs), including immigrant children and youth, attain English proficiency and meet the same challenging State academic standards that all children are expected to meet. Authority for creation of this fund is Elementary and Secondary Education Act of 1965 (ESEA), as amended, Title III, Part A, Sections 3101-3131.

**Carl D. Perkins Secondary Current (24174) Carl D. Perkins Redistribution (24176)** – The objective of this grant is to provide secondary and post-secondary educational institutions the opportunity to develop, implement, and operate programs using different models of curricula that integrate vocational and academic learning. Funds are acquired from federal sources through the New Mexico Public Education Department. Authority for creation of this fund is Carl D. Perkins Vocational and Applied Technology Education Act of 1990, as amended, Public Law 105-332.

**Advancing Measurement at PED (24188)** – To support the District’s implementation of the AMP to improve the outcomes for student with disabilities by decreasing dropout rates and increasing graduation rates. Funding is by the US Department of Education, Special Education – Grants to State.

**Student Support and Academic Enrichment (24189)** – To support well-rounded education opportunities, safe and health students and effective use of technology (ESEA sections 4107, 4108 and 419). Funding is by the US Department of Education, Title IV – Student Support and Academic Enrichment Grants.

**Direct Student Services (24193)** – The purpose of this grant award is to help local educational agencies (LEAs) improve teaching and learning in high-poverty schools in particular for children failing, or most at-risk of failing, to meet challenging State academic standards. Authority for creation of this fund is Elementary and Secondary Education Act of 1965 (ESEA), as amended, Title I, Part A, 20 US Code 6301 et seq.



**Deming Public Schools**  
**Nonmajor Governmental Fund Descriptions**  
**June 30, 2019**

**SPECIAL REVENUE FUNDS (Continued)**

**Title I- IASA - Federal Stimulus (24201)** – This fund is used to provide supplemental educational opportunity for academically disadvantaged children residing in the area. Campuses are identified for program participation by the percentage of students on free or reduced price lunches. Any school with a free and reduced price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criteria that identify a campus; educational need determines the students to be served. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Public Education Department. Authority for creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383.

**Title XIX Medicaid (25153)** – This fund is used to account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children. Authority for the creation of this fund is the Social Security Act, Title XIX, as amended; Public Laws 89-97, 90-248, and 91-56; 42 U.S.C. 1396 et seq., as amended; Public Law 92-223; Public Law 92-603; Public Law 93-66; Public Law 93-233; Public Law 96-499; Public Law 97-35; Public Law 97-248; Public Law 98-369; Public Law 99-272; Public Law 99-509; Public Law 100-93; Public Law 100-202; Public Law 100-203; Public Law 100-360; Public Law 100-436; Public Law 100-485; Public Law 100-647; Public Law 101-166; Public Law 101-234; Public Law 101-239; Public Law 101-508; Public Law 101-517; Public Law 102-234; Public Law 102-170; Public Law 102-394; Public Law 103-66; Public Law 103-112; Public Law 103-333; Public Law 104-91; Public Law 104-191; Public Law 104-193; Public Law 104-208, 104-134; Balanced Budget Act of 1997, Public Law 105-33; Public Law 106-113; Public Law 106-554; Public Law 108-27; Public Law 108-173; Public Law 109-91; Public Law 109-171; Public Law 109-432; Public Law 110-28.

**ROTC (25200)** – To provide financial assistance to School Districts to reimburse a portion of the salaries paid to R.O.T.C. instructors. The funding is provided by the U.S. Army.

**Emergency Food/Shelter National (25246)** – This fund is used to account for federal resources administered by the New Mexico State Department of Education to provide for supportive services to the needy. Established by (P.L. 100-77).

**Dual Credit Instructional Materials (27103)** – SB943 (2007) and SB31 (2008) create a dual credit program that allows public high school students in school districts, charter schools and state-supported schools in the state to earn both high school and college credit for qualifying dual credit courses. Authority for the creation of this fund is the New Mexico Public Education Department.

**2012 G.O. Bond Student Library Fund (27107)** – This award allows schools to acquire library books, equipment and library resources for public school libraries statewide. The funding was made available through Senate Bill 66, Laws of 2012, 2<sup>nd</sup> Session, 2012 Senate and House Bill.

**Automated Text Messaging System (27124)** – The purpose of this grant award is to provide opportunities for streamlined communication with parents of high school students related to upcoming tests and absences. The funding was made available through a non-recurring appropriation passed during the 2018 legislative session.

**Deming Public Schools**  
**Nonmajor Governmental Fund Descriptions**  
**June 30, 2019**

**SPECIAL REVENUE FUNDS (Continued)**

**Excellence in Teaching (27125)** – The purpose of this grant award is to be used solely for the Excellence in Teaching salary supplements. These salary supplements are \$5,000 or \$10,000 per teacher and may only be awarded to teachers who have met the award criteria. The funding was made available through legislative appropriations.

**Incentive for School Impr Act PED (27138)** – The purpose of this grant award is to be used to provide support, travel, training, technical assistance, monitoring connected to the University of Virginia, Partnership in Leadership School Turnaround Program. The funding was made available through legislative appropriations.

**PreK Initiative (27149)** – To account for funds received to prepare children for success in school, begin to close the achievement gap between students, and help meet the vision of a seamless education system — Pre-Kindergarten through higher education. Authority for the creation of this fund is the New Mexico Public Education Department.

**Kindergarten - Three Plus (27166)** – The purpose of this grant award is to provide for the summer 2018 K-3 plus program. The funding was made available through legislative appropriations.

**Early College High School Start-Up (27180)** – The purpose of this grant award is to be used to implement the Early College High School initiative. The funding was made available through legislative appropriations.

**K-3 Plus 4&5 PILOT (27198)** – The purpose of this grant award is to provide for the summer 2018 4&5 pilot program. The funding was made available through legislative appropriations.

**GRADS – Instruction (28190)** – To assist in the cost for caps and gowns for students who are graduating. Authority for the creation of this fund is the New Mexico Public Education Department.

**GRADS Plus (28203)** – To account for a program as an instructional component for teenage parents to be used for summer case management and GRADS case management period. Special Revenue fund established by the local school board.

**Private Dir Grants (Categorical) (29102)** – To account for local grants awarded to provide additional funding for specific projects. Fund established by the local school board.

**City /County Grant (29107)** – To provide support for a health education program within the school and to provide workbooks, materials for educational demonstrations and funds to support nutrition -focused event for the school. Fund established by the local school board.

**Math, Engineering, Science & Achievement (29110)** – To account for a grant awarded to provide funding for math, engineering and science projects. Fund established by the local school board.

**Deming Public Schools**  
**Nonmajor Governmental Fund Descriptions**  
**June 30, 2019**

**SPECIAL REVENUE FUNDS (Continued)**

**School Based Health Centers (29130)** – To account for funds administered by the Department of Health and Luna County in support of providing Primary Care and Mental Health Service on school campus. Fund established by the local school board.

**Wind Farm Projects (29134)** – This fund is used to account for wind farm payment in lieu of property taxes revenue. The fund was created by definition.

**CAPITAL PROJECTS FUNDS**

**Capital Improvements SB-9 - Local (31700)** – To account for resources received through Senate Bill 9 and local tax levies obtained for the purpose of building, remodeling, and equipping classroom facilities. Funding authority is the New Mexico Public Education Department.

**Education Technology Equipment Act (31900)** – To ensure that American children have skills they need to succeed in the information-intensive 21<sup>st</sup> century, the federal government is committed to working with the private sector to promote four major developments in American education: making modern computer technology an integral part of every classroom; providing information infrastructure; and encouraging the creation of excellent educational software. The authority for the creation of this fund is the Federal Property and Administrative Services Act of 1949, Ch. 288, 63 Stat 377, and the National Defense Authorization Act for the fiscal year 1996, Public Law 104-106.

**DEBT SERVICE FUNDS**

**Ed Tech Debt Service (43000)** – To account for the accumulation of financial resources for, and the payment of, general long-term debt principal and interest. Authority for the creation of this fund is the New Mexico Public Education Department.

**Deming Public Schools**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	Special Revenue			
	Athletics 22000	Non- Instructional Support 23000	Migrant Children Education 24103	Entitlement IDEA-B 24106
<b>Assets</b>				
Cash and cash equivalents	\$ 82,283	\$ 111,283	\$ -	\$ -
Receivables:				
Due from other governments	-	-	92,903	466,992
<b>Total assets</b>	<b>\$ 82,283</b>	<b>\$ 111,283</b>	<b>\$ 92,903</b>	<b>\$ 466,992</b>
<b>Liabilities, deferred inflows of resources, and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 817	\$ -	\$ 681	\$ 14,079
Accrued payroll	-	-	8,702	54,461
Due to other funds	-	-	83,520	398,452
<b>Total liabilities</b>	<b>817</b>	<b>-</b>	<b>92,903</b>	<b>466,992</b>
<b>Fund balances</b>				
<b>Spendable:</b>				
<b>Restricted for:</b>				
Extracurricular activities	81,466	111,283	-	-
Education	-	-	-	-
Debt service	-	-	-	-
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b>81,466</b>	<b>111,283</b>	<b>-</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 82,283</b>	<b>\$ 111,283</b>	<b>\$ 92,903</b>	<b>\$ 466,992</b>

*See independent auditors' report.*

<b>Special Revenue</b>				
<b>Preschool IDEA-B 24109</b>	<b>Education of Homeless 24113</b>	<b>Center for Disease Control's Healthy Schools Program 24130</b>	<b>IDEA-B Results Plan 24132</b>	<b>English Language Acquisition 24153</b>
\$ -	\$ -	\$ -	\$ -	\$ -
5,197	21,087	5,967	18,297	214,042
<u>\$ 5,197</u>	<u>\$ 21,087</u>	<u>\$ 5,967</u>	<u>\$ 18,297</u>	<u>\$ 214,042</u>
\$ -	\$ 20	\$ -	\$ -	\$ 16,097
-	384	-	-	2,221
5,197	20,683	5,967	18,297	195,724
5,197	21,087	5,967	18,297	214,042
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 5,197</u>	<u>\$ 21,087</u>	<u>\$ 5,967</u>	<u>\$ 18,297</u>	<u>\$ 214,042</u>

See independent auditors' report.

**Deming Public Schools  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2019**

	Special Revenue			
	Teacher/ Principal Training /Recruiting 24154	Rural & Low Income Schools 24160	Immigrant Funding - Title III 24163	Carl D. Perkins Secondary Current 24174
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables:				
Due from other governments	173,027	104,388	24,195	54,753
Total assets	\$ 173,027	\$ 104,388	\$ 24,195	\$ 54,753
<b>Liabilities, deferred inflows of resources, and fund balances</b>				
Liabilities				
Accounts payable	\$ 1,540	\$ -	\$ 34	\$ -
Accrued payroll	22,255	-	1,994	-
Due to other funds	149,232	104,388	22,167	51,997
Total liabilities	173,027	104,388	24,195	51,997
Fund balances				
Spendable:				
Restricted for:				
Extracurricular activities	-	-	-	-
Education	-	-	-	2,756
Debt service	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	-	-	-	2,756
Total liabilities, deferred inflows of resources, and fund balances	\$ 173,027	\$ 104,388	\$ 24,195	\$ 54,753

*See independent auditors' report.*

**Special Revenue**

<b>Carl D. Perkins Redistribution 24176</b>	<b>Advancing Measurement at PED (AMP) 24188</b>	<b>Student Support and Academic Enrichment 24189</b>	<b>Direct Student Services 24193</b>	<b>Title I-IASA - Federal Stimulus 24201</b>
\$ -	\$ -	\$ -	\$ -	\$ -
2,830	51,263	203,977	38,427	5
<u>\$ 2,830</u>	<u>\$ 51,263</u>	<u>\$ 203,977</u>	<u>\$ 38,427</u>	<u>\$ 5</u>
\$ 4	\$ 363	\$ 462	\$ -	\$ -
-	3,240	5,337	-	-
2,826	47,660	198,178	38,427	5
<u>2,830</u>	<u>51,263</u>	<u>203,977</u>	<u>38,427</u>	<u>5</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 2,830</u>	<u>\$ 51,263</u>	<u>\$ 203,977</u>	<u>\$ 38,427</u>	<u>\$ 5</u>

*See independent auditors' report.*

**Deming Public Schools  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2019**

	Special Revenue			
	Title XIX Medicaid 25153	ROTC 25200	Emergency Food/Shelter National 25246	Dual Credit Instructional Materials 27103
<b>Assets</b>				
Cash and cash equivalents	\$ 111,525	\$ -	\$ 2,753	\$ -
Receivables:				
Due from other governments	-	2,531	-	-
<b>Total assets</b>	<b>\$ 111,525</b>	<b>\$ 2,531</b>	<b>\$ 2,753</b>	<b>\$ -</b>
<b>Liabilities, deferred inflows of resources, and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 758	\$ 815	\$ -	\$ -
Accrued payroll	31,748	1,053	-	-
Due to other funds	-	663	-	-
<b>Total liabilities</b>	<b>32,506</b>	<b>2,531</b>	<b>-</b>	<b>-</b>
<b>Fund balances</b>				
<b>Spendable:</b>				
<b>Restricted for:</b>				
Extracurricular activities	-	-	-	-
Education	79,019	-	2,753	-
Debt service	-	-	-	-
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b>79,019</b>	<b>-</b>	<b>2,753</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 111,525</b>	<b>\$ 2,531</b>	<b>\$ 2,753</b>	<b>\$ -</b>

*See independent auditors' report.*



Special Revenue

2012 GO Bond Student Library 27107	Automated Text Messaging System 27124	Excellence in Teaching 27125	Incentive for School Impr Act PED 27138	PreK Initiative 27149
\$ -	\$ -	\$ -	\$ -	\$ -
34,836	15,000	-	60,000	432,617
\$ 34,836	\$ 15,000	\$ -	\$ 60,000	\$ 432,617
\$ -	\$ 25	\$ -	\$ -	\$ 1,835
-	-	-	-	33,324
34,836	15,000	-	60,000	397,458
34,836	15,025	-	60,000	432,617
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	(25)	-	-	-
-	(25)	-	-	-
\$ 34,836	\$ 15,000	\$ -	\$ 60,000	\$ 432,617

See independent auditors' report.

**Deming Public Schools**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

**Special Revenue**

	Kindergarten Three Plus 27166	Early College High School Start-Up 27180	K-3 Plus 4&5 PILOT 27198	GRADS - Instruction 28190
<b>Assets</b>				
Cash and cash equivalents	\$ 4	\$ -	\$ 4	\$ 1,085
Receivables:				
Due from other governments	-	193,391	-	-
<b>Total assets</b>	<b>\$ 4</b>	<b>\$ 193,391</b>	<b>\$ 4</b>	<b>\$ 1,085</b>
<b>Liabilities, deferred inflows of resources, and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 994	\$ -	\$ (2)
Accrued payroll	-	16,275	-	-
Due to other funds	-	176,123	-	-
<b>Total liabilities</b>	<b>-</b>	<b>193,392</b>	<b>-</b>	<b>(2)</b>
<b>Fund balances</b>				
<b>Spendable:</b>				
<b>    Restricted for:</b>				
Extracurricular activities	-	-	-	-
Education	4	-	4	1,087
Debt service	-	-	-	-
Unassigned	-	(1)	-	-
<b>Total fund balances</b>	<b>4</b>	<b>(1)</b>	<b>4</b>	<b>1,087</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 4</b>	<b>\$ 193,391</b>	<b>\$ 4</b>	<b>\$ 1,085</b>

*See independent auditors' report.*

Special Revenue					
GRADS Plus 28203	Private Dir Grants (Categorical) 29102	City/County Grants 29107	Math, Engineering, Science & Achievement 29110	School Based Health Center 29130	
\$ 8,836	\$ 51,457	\$ 203	\$ -	\$ 36,972	
3,423	-	-	-	-	
<u>\$ 12,259</u>	<u>\$ 51,457</u>	<u>\$ 203</u>	<u>\$ -</u>	<u>\$ 36,972</u>	
\$ 105	\$ 17	\$ -	\$ -	\$ -	
833	150	-	-	-	
-	-	-	-	-	
<u>938</u>	<u>167</u>	<u>-</u>	<u>-</u>	<u>-</u>	
-	-	-	-	-	
11,321	51,290	203	-	36,972	
-	-	-	-	-	
-	-	-	-	-	
<u>11,321</u>	<u>51,290</u>	<u>203</u>	<u>-</u>	<u>36,972</u>	
<u>\$ 12,259</u>	<u>\$ 51,457</u>	<u>\$ 203</u>	<u>\$ -</u>	<u>\$ 36,972</u>	

See independent auditors' report.

**Deming Public Schools**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	<u>Special Revenue</u>	<u>Capital Projects</u>		<u>Debt Service</u>	
			Education		
		Capital	Technology		
	Wind Farm	Improvements	Equipment	Ed Tech	Debt
	Projects	SB-9	Act	Service	Service
	<b>29134</b>	<b>31700</b>	<b>31900</b>	<b>43000</b>	
<b>Assets</b>					
Cash and cash equivalents	\$ 577,782	\$ -	\$ -	\$ -	\$ 195,853
Receivables:					
Due from other governments	-	67,414	-	-	-
<b>Total assets</b>	<b>\$ 577,782</b>	<b>\$ 67,414</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 195,853</b>
<b>Liabilities, deferred inflows of resources, and fund balances</b>					
Liabilities					
Accounts payable	\$ -	\$ 20,601	\$ -	\$ -	-
Accrued payroll	-	-	-	-	-
Due to other funds	-	67,414	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>88,015</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances					
Spendable:					
Restricted for:					
Extracurricular activities	-	-	-	-	-
Education	577,782	-	-	-	-
Debt service	-	-	-	195,853	-
Unassigned	-	(20,601)	-	-	-
<b>Total fund balances</b>	<b>577,782</b>	<b>(20,601)</b>	<b>-</b>	<b>-</b>	<b>195,853</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 577,782</b>	<b>\$ 67,414</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 195,853</b>

*See independent auditors' report.*

	<b>Total Nonmajor Governmental Funds</b>
	<hr/>
\$	1,180,040
	<hr/>
	2,286,562
	<hr/>
\$	<u>3,466,602</u>

\$	59,245
	181,977
	<hr/> 2,094,214
	<hr/> 2,335,436

	192,749
	763,191
	195,853
	<hr/> (20,627)
	<hr/> 1,131,166
\$	<u>3,466,602</u>

*See independent auditors' report.*

**Deming Public Schools**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2019**

	Special Revenue			
	Athletics 22000	Non- Instructional Support 23000	Migrant Children Education 24103	Entitlement IDEA-B 24106
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	183,842	1,144,324
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	61,628	132,019	-	-
Investment income	-	1,399	-	-
Miscellaneous income	-	-	-	-
<b>Total revenues</b>	<b>61,628</b>	<b>133,418</b>	<b>183,842</b>	<b>1,144,324</b>
<b>Expenditures</b>				
Current:				
Instruction	63,840	428,015	72,422	670,332
Support services - students	-	-	103,478	95,539
Support services - instruction	-	-	-	-
Support services - general administration	-	-	5,650	35,140
Support services - school administration	-	-	-	164,018
Central services	-	-	-	178,939
Operation and maintenance of plant	-	-	2,292	356
Student transportation	-	-	-	-
Community service operations	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>63,840</b>	<b>428,015</b>	<b>183,842</b>	<b>1,144,324</b>
Excess (deficiency) of revenues over expenditures	(2,212)	(294,597)	-	-
Net change in fund balances	(2,212)	(294,597)	-	-
Fund balances - beginning	83,678	405,880	-	-
<b>Fund balances - end of year</b>	<b>\$ 81,466</b>	<b>\$ 111,283</b>	<b>\$ -</b>	<b>\$ -</b>

*See independent auditors' report.*

Special Revenue				
IDEA-B Preschool 24109	Education of Homeless 24113	Center for Disease Control's Healthy Schools Program 24130	IDEA-B Results Plan 24132	English Language Acquisition 24153
\$ -	\$ -	\$ -	\$ -	\$ -
21,286	29,194	7,020	18,297	277,159
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
21,286	29,194	7,020	18,297	277,159
20,687	19,675	7,020	18,270	268,560
-	8,311	-	-	-
-	-	-	-	-
599	-	-	27	8,599
-	-	-	-	-
-	-	-	-	-
-	1,208	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
21,286	29,194	7,020	18,297	277,159
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -

*See independent auditors' report.*

**Deming Public Schools**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2019**

	Special Revenue			
	Teacher/ Principal Training /Recruiting 24154	Rural & Low Income Schools 24160	Immigrant Funding - Title III 24163	Carl D. Perkins Secondary Current 24174
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	315,859	104,388	49,672	59,219
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous income	-	-	-	-
<b>Total revenues</b>	<b>315,859</b>	<b>104,388</b>	<b>49,672</b>	<b>59,219</b>
<b>Expenditures</b>				
Current:				
Instruction	306,154	96,458	49,672	57,539
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	9,705	3,333	-	1,680
Support services - school administration	-	-	-	-
Central services	-	4,597	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Community service operations	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>315,859</b>	<b>104,388</b>	<b>49,672</b>	<b>59,219</b>
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	2,756
<b>Fund balances - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,756</b>

*See independent auditors' report.*



Special Revenue				
Carl D. Perkins Redistribution 24176	Advancing Measurement at PED (AMP) 24188	Student Support and Academic Enrichment 24189	Direct Student Services 24193	Title I-IASA - Federal Stimulus 24201
\$ -	\$ -	\$ -	\$ -	\$ -
6,634	79,877	203,977	69,983	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
6,634	79,877	203,977	69,983	-
6,427	5,678	203,977	68,201	-
-	70,804	-	410	-
-	-	-	-	-
207	2,455	-	1,372	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	940	-	-	-
-	-	-	-	-
6,634	79,877	203,977	69,983	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -

*See independent auditors' report.*

**Deming Public Schools**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2019**

	Special Revenue			
	Title XIX Medicaid 25153	ROTC 25200	Emergency Food/ Shelter National 25246	Dual Credit Instructional Materials 27103
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	317,832	50,283	-	-
Local sources	-	-	6,250	-
State flowthrough	-	-	-	5,198
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous income	-	-	-	-
<b>Total revenues</b>	<b>317,832</b>	<b>50,283</b>	<b>6,250</b>	<b>5,198</b>
<b>Expenditures</b>				
Current:				
Instruction	-	50,283	3,000	5,198
Support services - students	412,791	-	-	-
Support services - instruction	-	-	-	-
Support services - general administration	-	-	-	-
Support services - school administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Community service operations	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>412,791</b>	<b>50,283</b>	<b>3,000</b>	<b>5,198</b>
Excess (deficiency) of revenues over expenditures	(94,959)	-	3,250	-
Net change in fund balances	(94,959)	-	3,250	-
Fund balances - beginning	173,978	-	(497)	-
<b>Fund balances - end of year</b>	<b>\$ 79,019</b>	<b>\$ -</b>	<b>\$ 2,753</b>	<b>\$ -</b>

*See independent auditors' report.*

Special Revenue

2012 GO Bond Student Library 27107	Automated Text Messaging System 27124	Excellence in Teaching 27125	Incentive for School Impr Act PED 27138	PreK Initiative 27149
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
34,837	15,000	139,719	60,000	1,048,340
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
34,837	15,000	139,719	60,000	1,048,340
-	-	139,719	-	773,828
-	-	-	-	-
34,837	-	-	-	-
-	15,025	-	60,000	9,118
-	-	-	-	126,494
-	-	-	-	-
-	-	-	-	10,200
-	-	-	-	-
-	-	-	-	128,700
34,837	15,025	139,719	60,000	1,048,340
-	(25)	-	-	-
-	(25)	-	-	-
-	-	-	-	-
\$ -	\$ (25)	\$ -	\$ -	\$ -

See independent auditors' report.

**Deming Public Schools**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2019**

	Special Revenue			
	Kindergarten Three Plus 27166	Early College High School Start-Up 27180	K-3 Plus 4&5 PILOT 27198	GRADS - Instruction 28190
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenue:				
Federal flowthrough	-	-	-	-
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	885,857	302,564	462,244	-
State direct	-	-	-	4,000
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous income	-	-	-	-
<b>Total revenues</b>	<b>885,857</b>	<b>302,564</b>	<b>462,244</b>	<b>4,000</b>
<b>Expenditures</b>				
Current:				
Instruction	727,627	269,790	340,495	8,124
Support services - students	69,968	32,775	52,876	-
Support services - instruction	3,496	-	2,330	-
Support services - general administration	-	-	-	-
Support services - school administration	19,644	-	29,025	-
Central services	-	-	-	-
Operation and maintenance of plant	17,570	-	1,574	-
Student transportation	47,548	-	35,940	-
Community service operations	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>885,853</b>	<b>302,565</b>	<b>462,240</b>	<b>8,124</b>
Excess (deficiency) of revenues over expenditures	4	(1)	4	(4,124)
Net change in fund balances	4	(1)	4	(4,124)
Fund balances - beginning	-	-	-	5,211
<b>Fund balances - end of year</b>	<b>\$ 4</b>	<b>\$ (1)</b>	<b>\$ 4</b>	<b>\$ 1,087</b>

*See independent auditors' report.*

Special Revenue				
GRADS Plus 28203	Private Dir Grants (categorical) 29102	City/ County Grants 29107	Math, Engineering, Science & Achievement 29110	School Based Health Center 29130
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	6,250	-	-
-	-	-	-	-
15,356	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	20,000	-	-	-
15,356	20,000	6,250	-	-
10,871	31,218	4,493	1,609	-
4,380	-	-	-	158
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
15,251	31,218	4,493	1,609	158
105	(11,218)	1,757	(1,609)	(158)
105	(11,218)	1,757	(1,609)	(158)
11,216	62,508	(1,554)	1,609	37,130
\$ 11,321	\$ 51,290	\$ 203	\$ -	\$ 36,972

*See independent auditors' report.*

**Deming Public Schools**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2019**

	<u>Special Revenue</u>	<u>Capital Projects</u>		<u>Debt Service</u>	
			Education		
		Capital	Technology		
	Wind Farm	Improvements	Equipment	Ed Tech	Debt
	Projects	SB-9	Act	Service	Service
	<b>29134</b>	<b>31700</b>	<b>31900</b>	<b>43000</b>	
<b>Revenues</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	4,463
Intergovernmental revenue:					
Federal flowthrough	-	-	-	-	-
Federal direct	-	-	-	-	-
Local sources	-	-	37,048	-	-
State flowthrough	-	313,453	-	-	-
State direct	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
Miscellaneous income	246,543	-	-	-	-
<b>Total revenues</b>	<b>246,543</b>	<b>313,453</b>	<b>37,048</b>	<b>4,463</b>	
<b>Expenditures</b>					
Current:					
Instruction	-	-	-	-	-
Support services - students	-	-	-	-	-
Support services - instruction	-	-	-	-	-
Support services - general administration	-	-	-	-	44
Support services - school administration	-	-	-	-	-
Central services	-	-	-	-	-
Operation and maintenance of plant	15,001	109,628	162,135	-	-
Student transportation	-	-	-	-	-
Community service operations	-	-	-	-	-
Capital outlay	49,506	170,835	-	-	-
<b>Total expenditures</b>	<b>64,507</b>	<b>280,463</b>	<b>162,135</b>	<b>44</b>	
Excess (deficiency) of revenues over expenditures	182,036	32,990	(125,087)	4,419	
Net change in fund balances	182,036	32,990	(125,087)	4,419	
Fund balances - beginning	395,746	(53,591)	125,087	191,434	
Fund balances - end of year	\$ 577,782	\$ (20,601)	\$ -	\$ 195,853	

*See independent auditors' report.*

<b>Total Nonmajor Governmental Funds</b>	
\$	4,463
	2,570,731
	368,115
	49,548
	3,267,212
	19,356
	193,647
	1,399
	266,543
	<u>6,741,014</u>
	4,729,182
	851,490
	40,663
	152,954
	339,181
	183,536
	309,764
	93,688
	940
	349,041
	<u>7,050,439</u>
	(309,425)
	(309,425)
	<u>1,440,591</u>
\$	<u><u>1,131,166</u></u>

*See independent auditors' report.*

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## **General Fund**

**Deming Public Schools**  
**Combining Balance Sheet**  
**General Fund**  
**June 30, 2019**

	Operating 11000	Pupil Transportation 13000	Instructional Materials 14000	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 2,161,433	\$ 7,132	\$ 239,599	\$ 2,408,164
Investments	23	-	-	23
Receivables:				
Property taxes	58,755	-	-	58,755
Due from other governments	82,598	-	-	82,598
Due from other funds	3,713,471	-	-	3,713,471
<b>Total assets</b>	<b>\$ 6,016,280</b>	<b>\$ 7,132</b>	<b>\$ 239,599</b>	<b>\$ 6,263,011</b>
<b>Liabilities, deferred inflows of resources, and fund balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 669,725	\$ 1,268	\$ 52	\$ 671,045
Accrued payroll	1,198,010	6,802	-	1,204,812
<b>Total liabilities</b>	<b>1,867,735</b>	<b>8,070</b>	<b>52</b>	<b>1,875,857</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue - property taxes	48,732	-	-	48,732
<b>Total deferred inflows of resources</b>	<b>48,732</b>	<b>-</b>	<b>-</b>	<b>48,732</b>
<b>Fund balances</b>				
Committed for:				
Subsequent year's expenditures	3,334,446	-	-	3,334,446
Unassigned	765,367	(938)	239,547	1,003,976
<b>Total fund balances</b>	<b>4,099,813</b>	<b>(938)</b>	<b>239,547</b>	<b>4,338,422</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 6,016,280</b>	<b>\$ 7,132</b>	<b>\$ 239,599</b>	<b>\$ 6,263,011</b>

*See independent auditors' report.*

**Deming Public Schools**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**General Fund**  
**For the Year Ended June 30, 2019**

	Operating 11000	Pupil Transportation 13000	Instructional Materials 14000	Total
<b>Revenues</b>				
Property taxes	\$ 295,829	\$ -	\$ -	\$ 295,829
Intergovernmental revenue:				
Federal flowthrough	288,480	-	-	288,480
Local sources	170,085	-	-	170,085
State flowthrough	61,284	-	172,618	233,902
State direct	39,978,633	-	-	39,978,633
Transportation distribution	-	2,000,978	-	2,000,978
Charges for services	145,656	-	-	145,656
Investment income	1,522	-	-	1,522
Miscellaneous	328	-	-	328
<b>Total revenues</b>	<b>40,941,817</b>	<b>2,000,978</b>	<b>172,618</b>	<b>43,115,413</b>
<b>Expenditures</b>				
Current:				
Instruction	23,421,249	-	43,554	23,464,803
Support services - students	3,823,383	-	-	3,823,383
Support services - instruction	1,315,369	-	-	1,315,369
Support services - general administration	1,133,383	-	-	1,133,383
Support services - school administration	2,785,351	-	-	2,785,351
Central services	1,462,815	-	-	1,462,815
Operation and maintenance plant	5,801,644	-	-	5,801,644
Student transportation	290,063	2,001,299	-	2,291,362
Capital outlay	5,371	-	-	5,371
<b>Total expenditures</b>	<b>40,038,628</b>	<b>2,001,299</b>	<b>43,554</b>	<b>42,083,481</b>
Excess (deficiency) of revenues over expenditures	903,189	(321)	129,064	1,031,932
Other financing sources (uses)				
Proceeds from sale of capital assets	73,953	-	-	73,953
Transfers (out)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>73,953</b>	<b>-</b>	<b>-</b>	<b>73,953</b>
Net change in fund balances	977,142	(321)	129,064	1,105,885
Fund balances - beginning of year	3,122,671	(617)	110,483	3,232,537
Fund balances - end of year	\$ 4,099,813	\$ (938)	\$ 239,547	\$ 4,338,422

*See independent auditors' report.*

**Deming Public Schools**  
**Operating Fund (11000)**

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

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Property taxes	\$ 292,503	\$ 292,503	\$ 296,016	\$ 3,513
Intergovernmental revenue				
Federal flowthrough	236,149	236,149	289,909	53,760
Local sources	6,135	6,135	88,124	81,989
State flowthrough	61,850	61,850	61,284	(566)
State direct	39,688,077	39,991,468	39,978,633	(12,835)
Charges for services	8,000	69,785	145,656	75,871
Investment income	8,000	8,000	885	(7,115)
Miscellaneous	7,500	7,500	328	(7,172)
<b>Total revenues</b>	<b>40,308,214</b>	<b>40,673,390</b>	<b>40,860,835</b>	<b>187,445</b>
<b>Expenditures</b>				
Current:				
Instruction	25,706,234	25,712,182	22,982,619	2,729,563
Support services - students	3,884,173	4,455,323	3,821,931	633,392
Support services - instruction	1,364,462	1,447,812	1,316,123	131,689
Support services - general administration	1,404,208	1,399,131	1,131,495	267,636
Support services - school administration	2,928,665	2,926,142	2,785,351	140,791
Central services	2,650,042	1,768,142	1,461,589	306,553
Operation and maintenance of plant	5,738,700	5,872,185	5,775,216	96,969
Student transportation	81,985	385,285	291,095	94,190
Other support services	42,824	42,824	-	42,824
<b>Total expenditures</b>	<b>43,801,293</b>	<b>44,009,026</b>	<b>39,565,419</b>	<b>4,443,607</b>
Excess (deficiency) of revenues over expenditures	(3,493,079)	(3,335,636)	1,295,416	4,631,052
Other financing sources (uses)				
Designated cash balance (budgeted increase in cash)	3,490,579	3,333,136	-	(3,333,136)
Proceeds from sale of capital assets	2,500	2,500	73,953	71,453
<b>Total other financing sources (uses)</b>	<b>3,493,079</b>	<b>3,335,636</b>	<b>73,953</b>	<b>(3,261,683)</b>
Net change in fund balance	-	-	1,369,369	1,369,369
Fund balance - beginning of year	-	-	3,307,548	3,307,548
Fund balance - end of year	\$ -	\$ -	\$ 4,676,917	\$ 4,676,917
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 1,369,369
Adjustments to revenues for taxes and intergovernmental revenue				80,982
Adjustments to expenditures for supplies and payroll expenditures				(473,209)
Net change in fund balance (GAAP Basis)				\$ 977,142

*See independent auditors' report.*

**Deming Public Schools**  
**Pupil Transportation Fund (13000)**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<b>Revenues</b>				
Intergovernmental revenue				
Transportation distribution	\$ 1,957,214	\$ 2,000,978	\$ 2,000,978	\$ -
<b>Total revenues</b>	<b>1,957,214</b>	<b>2,000,978</b>	<b>2,000,978</b>	<b>-</b>
<b>Expenditures</b>				
Current				
Student transportation	1,957,214	2,000,978	2,000,649	329
<b>Total expenditures</b>	<b>1,957,214</b>	<b>2,000,978</b>	<b>2,000,649</b>	<b>329</b>
Excess (deficiency) of revenues over expenditures	-	-	329	329
<b>Other financing sources (uses)</b>				
Designated cash balance (budgeted increase in cash)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net change in fund balance	-	-	329	329
Fund balance - beginning of year	-	-	1	1
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 330</b>	<b>\$ 330</b>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 329
Adjustments to expenditures for pupil transportation				(650)
<b>Net change in fund balance (GAAP Basis)</b>				<b>\$ (321)</b>

*See independent auditors' report.*

**Deming Public Schools**  
**Instructional Materials Fund (14000)**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (Non-GAAP Budgetary Basis) and Actual**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variances</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable) Final to Actual</u>
<b>Revenues</b>				
Intergovernmental revenue				
State flowthrough	\$ 172,618	\$ 183,774	\$ 172,618	\$ (11,156)
<b>Total revenues</b>	<b>172,618</b>	<b>183,774</b>	<b>172,618</b>	<b>(11,156)</b>
<b>Expenditures</b>				
Current				
Instruction	251,189	294,257	43,502	250,755
<b>Total expenditures</b>	<b>251,189</b>	<b>294,257</b>	<b>43,502</b>	<b>250,755</b>
Excess (deficiency) of revenues over expenditures	(78,571)	(110,483)	129,116	239,599
<b>Other financing sources (uses)</b>				
Designated cash balance (budgeted increase in cash)	78,571	110,483	-	(110,483)
<b>Total other financing sources (uses)</b>	<b>78,571</b>	<b>110,483</b>	<b>-</b>	<b>(110,483)</b>
Net change in fund balance	-	-	129,116	129,116
Fund balance - beginning of year	-	-	110,483	110,483
<b>Fund balance - end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 239,599</b>	<b>\$ 239,599</b>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 129,116
Adjustments to expenditures for instructional materials				(52)
<b>Net change in fund balance (GAAP Basis)</b>				<b>\$ 129,064</b>

*See independent auditors' report.*

## **Supporting Schedules**

**Deming Public Schools**  
**Schedule of Deposits**  
**June 30, 2019**

<b>Bank Account Type/ Name</b>	<b>First New Mexico Bank</b>	<b>First Savings Bank</b>	<b>Wells  Fargo  Bank</b>
Federal Account #1 - Checking - A/P	\$ 343,079	\$ -	\$ -
Cafeteria Account - Checking	3,749,722	-	-
SB9 Account #1 - Checking	4,954,931	-	-
Debt Service Account - Checking	3,346,286	-	-
Gate Receipts Account - Checking	870,483	-	-
Operational Account #1 - Checking	17	1,495,818	-
Operational Account #2 - Checking - Payroll	2,947,488	-	-
2018 Series Bond - Checking	-	-	50,000
Building Fund 1991 - Checking	-	-	349,244
Investment Account	-	-	-
Local Government Investment Pool	-	-	-
<b>Total</b>	<b>\$ 16,212,006</b>	<b>\$ 1,495,818</b>	<b>\$ 399,244</b>

Reconciling items

Reconciled balance June 30, 2019

Less: investments per statement of net position

Less: restricted investments per statement of net position

Less: restricted cash per statement of net position

Less: agency cash per statement of fiduciary assets and liabilities

Cash and cash equivalents per statement of net position

*See independent auditors' report.*



Moreton Investments	State of New Mexico Treasurer	Total
\$ -	\$ -	\$ 343,079
-	-	3,749,722
-	-	4,954,931
-	-	3,346,286
-	-	870,483
-	-	1,495,835
-	-	2,947,488
-	-	50,000
-	-	349,244
2,963,400	-	2,963,400
-	23	23
<hr/>		
\$ 2,963,400	\$ 23	21,070,491
<hr/>		
		(1,398,320)
<hr/>		
		19,672,171
		(23)
		(2,963,400)
		(8,772,553)
		(673,683)
<hr/>		
		\$ 7,262,512
<hr/>		

*See independent auditors' report.*

**Deming Public Schools  
Cash Reconciliation  
For the Year Ended June 30, 2019**

	<b>Operational 11000</b>	<b>Transportation 13000</b>	<b>Instructional Materials 14000</b>	<b>Food Services 21000</b>
PED cash				
June 30, 2018	\$ 3,290,312	\$ 1	\$ 110,483	\$ 5,379,519
Add:				
2018-2019 receipts	40,935,426	2,000,978	172,618	3,255,470
Repayment of loans	463,886	329	-	24,949
<b>Total cash available</b>	<b>44,689,624</b>	<b>2,001,308</b>	<b>283,101</b>	<b>8,659,938</b>
Less:				
2018-2019 expenditures	(40,012,004)	(2,000,978)	(43,502)	(4,908,981)
Repayment of prior year loans	(3,989,488)	-	-	-
<b>Cash per PED</b>	<b>688,132</b>	<b>330</b>	<b>239,599</b>	<b>3,750,957</b>
Add / Less:				
Loans for negative cash	-	-	-	-
Investments	(23)	-	-	-
Audit Adjustments	-	-	-	-
Held checks	1,473,324	6,802	-	69,381
<b>Cash per financial statement</b>	<b>\$ 2,161,433</b>	<b>\$ 7,132</b>	<b>\$ 239,599</b>	<b>\$ 3,820,338</b>

*See independent auditors' report.*

	<b>Athletics 22000</b>	<b>Non- Instructional Support 23000</b>	<b>Federal Flowthrough 24000</b>	<b>Federal Direct 25000</b>	<b>State Flowthrough 27000</b>
\$	83,678	\$ 405,880	\$ (2,558,293)	\$ 170,625	\$ (631,216)
	61,628	133,417	5,098,094	374,690	2,849,130
	-	-	14,699	735	2,828
	145,306	539,297	2,554,500	546,050	2,220,742
	(63,023)	(428,436)	(5,743,566)	(465,234)	(2,953,750)
	-	-	3,189,066	-	733,008
	82,283	110,861	-	80,816	-
	-	-	-	-	-
	-	-	-	-	-
	-	422	-	661	8
	-	-	-	32,801	-
\$	82,283	\$ 111,283	\$ -	\$ 114,278	\$ 8

*See independent auditors' report.*

**Deming Public Schools  
Cash Reconciliation  
For the Year Ended June 30, 2019**

	<b>State Direct 28000</b>	<b>Local or State Fund 29000</b>	<b>Bond Building 31100</b>	<b>Capital Improvements SB-9-State 31700</b>
PED cash				
June 30, 2018	\$ 16,427	\$ 533,196	\$ 5,673,696	\$ -
Add:				
2018-2019 receipts	15,933	272,794	2,658,131	246,039
Repayment of loans	105	17	-	-
<b>Total cash available</b>	<b>32,465</b>	<b>806,007</b>	<b>8,331,827</b>	<b>246,039</b>
Less:				
2018-2019 expenditures	(23,377)	(139,744)	(4,939,281)	(313,453)
Repayment of prior year loans	-	-	-	67,414
<b>Cash per PED</b>	<b>9,088</b>	<b>666,263</b>	<b>3,392,546</b>	<b>-</b>
Add / Less:				
Loans for negative cash	-	-	-	-
Investments	-	-	(2,963,400)	-
Audit Adjustments	-	1	24,750	-
Held checks	833	150	-	-
<b>Cash per financial statement</b>	<b>\$ 9,921</b>	<b>\$ 666,414</b>	<b>\$ 453,896</b>	<b>\$ -</b>

*See independent auditors' report.*

Capital Improvements SB-9-Local 31701	Education Technology Equipment Act 31900	Debt Service 41000	Ed Tech Debt Service 43000	Total
\$ 4,111,104	\$ 125,087	\$ 3,096,719	\$ 191,434	\$ 19,998,652
1,194,752	37,047	3,422,551	4,463	62,733,161
-	-	-	-	507,548
5,305,856	162,134	6,519,270	195,897	83,239,361
(258,912)	(162,134)	(3,368,837)	(44)	(65,825,256)
-	-	-	-	-
5,046,944	-	3,150,433	195,853	17,414,105
-	-	-	-	-
-	-	-	-	(2,963,423)
(24,750)	-	-	-	1,092
-	-	-	-	1,583,291
\$ 5,022,194	\$ -	\$ 3,150,433	\$ 195,853	\$ 16,035,065

Cash balance above \$ 16,035,065

Cash and restricted cash per Statement of Net Position \$ 16,035,065

Investment balance above \$ 2,963,423

Investment per Statement of Net Position \$ 2,963,423

*See independent auditors' report.*

**Deming Public Schools**  
**Schedule of Collateral Pledged by Depository for Public Funds**  
**June 30, 2019**

Name of Depository	Description of Pledged Collateral	Maturity	CUSIP Number	Fair Market Value June 30, 2019
<b>1st New Mexico Bank</b>				
	Hobbs	4/15/2026	433866DT4	\$ 523,320
	Pena	9/1/2024	706593AP5	150,981
	FFCB	11/23/2022	3133EC4Q4	2,003,966
	FFCB	10/5/2022	3133EFX44	995,628
	FHLB	12/9/2022	313381BR5	501,927
	GALL	6/1/2023	364034AN8	406,880
	FHLB	3/6/2024	3130AAV54	1,000,029
	FHLB	6/14/2024	3130A1XJ2	2,098,254
	FHLB	3/2/2026	3130AAU97	1,003,775
	FFCB	11/29/2024	3133EGP74	1,000,022
Total 1st New Mexico Bank				9,684,782

Name and location of safekeeper for above pledged collateral:  
The Independent Bankers' Bank - Dallas, Texas

<b>First Savings Bank</b>				
	FHLMC 10YR	12/1/2021	3128PXLU6	132,499
	FNMA 10YR	12/1/2021	3138E4J44	63,838
	FNMA 10YR	1/1/2022	31417ATN9	45,147
	FNMA 10YR	1/1/2022	31417ATN9	104,660
	FNMA 10YR	3/1/2022	31418ADU9	111,424
	FNMA 10YR	4/1/2022	31418AEC8	95,780
	FNMA AGENCY	4/5/2022	3135GOT45	200,131
	FHLMC 10YR	3/1/2023	31307BJW1	13,985
	FHLMC 10YR	3/1/2023	31307BJW1	119,874
	FHLMC 10YR	3/1/2023	31307BJW1	85,351
	ROSWELL ISD NM 23	8/1/2023	778550JG9	210,084
	FNMA 15 YR	2/1/2026	3138A7GY8	118,488
	FNMA 15 YR	7/1/2026	31417Y3H8	229,946
	GNMA II 15YR	11/20/2026	36202FYY6	500,998
	GNR 2010-46 HG	3/16/2038	38376YEL1	9,999
	FNR 2010-135 CH	4/25/2040	31398SN66	42,214
	FHR 3925 DE	7/15/2040	3137AFGA4	111,398
	GNR 2011-43 E	12/20/2040	38377UMA3	34,040
	FNR 2017-18 CA	1/25/2043	3136AVQK8	1,244,136
Total First Savings Bank				3,473,992

Name and location of safekeeper for above pledged collateral:  
Federal Reserve Bank - Dallas, Texas

*See independent auditors' report.*

<b>Name of Depository</b>	<b>Description of Pledged Collateral</b>	<b>Maturity</b>	<b>CUSIP Number</b>	<b>Fair Market June 30, 2019</b>
<i>(Continued)</i>				
<b>Wells Fargo</b>				
	FNMA FNMS 3.500%	1/1/2042	31417AX87	\$ 58,153
	FNMA FNMS 3.500%	1/1/2042	31418ACM8	31,393
Total Wells Fargo Bank				89,546
Name and location of safekeeper for above pledged collateral: BNY Mellon, One Wall Street, Fourth Floor, New York, NY 10286				
Total pledged collateral				\$ 13,248,319

*See independent auditors' report.*

**Deming Public Schools**  
**Schedule of Changes in Assets and Liabilities - Agency Funds**  
**For the Year Ended June 30, 2019**

	<b>July 1, 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2019</b>
Administration	\$ 81,216	\$ 577,128	\$ 139,662	\$ 518,682
Activities	143,235	236,864	225,098	155,001
<b>Totals</b>	<b>\$ 224,451</b>	<b>\$ 813,992</b>	<b>\$ 364,760</b>	<b>673,683</b>
Total agency cash and cash equivalents per statement of fiduciary assets and liabilities				\$ 673,683
Accounts payable	\$ 5,906	\$ 12,391	\$ 5,906	\$ 12,391
Due to student organizations	218,545	801,601	358,854	661,292
<b>Totals</b>	<b>\$ 224,451</b>	<b>\$ 813,992</b>	<b>\$ 364,760</b>	<b>673,683</b>
Total agency liabilities per statement of fiduciary assets and liabilities				\$ 673,683

*See independent auditors' report.*



## **Compliance Section**

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

**INDEPENDENT AUDITORS' REPORT**

Brian S. Colón  
New Mexico State Auditor and  
Board of Education  
Office of Management and Budget  
Deming Public Schools  
Deming, New Mexico

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

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 an instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item FA 2018-001.

We noted certain matters that are required to be reported per section 12-6-5 NMSA 1978 that we have described in the accompanying schedule of Section 12-6-5 NMSA 1978 Findings as items NM 2016-016, NM 2016-020, NM 2019-001, NM 2019-002 for the District and CU NM 2017-004, CU NM 2018-001 and CU NM 2019-001 for the Component Unit.

## **The District's Response to Findings**

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

## **Purpose of this Report**

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

*Carr, Riggs & Ingram, L.L.C.*

Carr, Riggs & Ingram, LLC  
Albuquerque, New Mexico  
November 15, 2019

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## **Federal Financial Assistance**

## **REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

### **INDEPENDENT AUDITORS' REPORT**

Brian S. Colón  
New Mexico State Auditor and  
Board of Education  
Office of Management and Budget  
Deming Public Schools  
Deming, New Mexico

#### **Report on Compliance for Each Major Federal Program**

We have audited Deming Public Schools' (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditors' 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.

#### **Auditors' Responsibility**

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

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

### **Opinion on Each Major Federal Program**

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

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item FA 2019-001. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the noncompliance 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 compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items FA 2018-002, that we consider to be material weaknesses.

The District's response to the internal control over compliance 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 compliance and, accordingly, we express no opinion on the response.

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.

*Carr, Riggs & Ingram, L.L.C.*

Carr, Riggs & Ingram, LLC  
Albuquerque, New Mexico  
November 15, 2019



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**Deming Public Schools**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2019**

Federal Grantor or Pass-Through Grantor / Program Title	Pass Thru Number
<b>U.S. Department of Education</b>	
Title I Grants to Local Educational Agencies	* 24101
Title I Grants to Local Educational Agencies	24193
Migrant Education State Grant Program	24103
Special Education Grants to States - Special Education Cluster (IDEA)	24106
Special Education Preschool Grants - Special Education Cluster (IDEA)	24109
Special Education Grants to States - Special Education Cluster (IDEA)	24132
Special Education Grants to States - Special Education Cluster (IDEA)	24188
<i>Subtotal - Special Education Cluster</i>	
Education for Homeless Children and Youth	24113
English Language Acquisition State Grants	24153
Supporting Effective Instruction State Grants	24154
Rural Education	24160
English Language Acquisition State Grants	24163
Career and Technical Education Basic Grants to States	24174
Career and Technical Education Basic Grants to States	24176
Student Support and Academic Enrichment Program	24189
<b>Total U.S. Department of Education</b>	
<b>U.S. Department of Health and Human Services</b>	
Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	24130
<b>Total U.S. Department of Health and Human Services</b>	
<b>U.S. Department of Agriculture</b>	
School Breakfast Program - Child Nutrition Cluster	* 21000
National School Lunch Program - Child Nutrition Cluster	* 21000
<i>Subtotal - Child Nutrition Cluster</i>	
<b>Total U.S. Department of Agriculture</b>	
<b>U.S. Department of Homeland Security</b>	
Emergency Food and Shelter National Board Program	25246
<b>Total U.S. Department of Homeland Security</b>	
<b>U.S. Department of Homeland Security</b>	
ROTC	25200
<b>Total U.S. Department of Homeland Security</b>	
<b>Total Federal Financial Assistance</b>	

\* Denotes Major Federal Financial Assistance Program

*See independent auditors' report.*  
*See accompanying notes to schedule of expenditures of federal awards.*

Federal CFDA Number	Federal Expenditures	Cluster/ Program Subtotals	Funds Provided to Subrecipients	Noncash Assistance
84.010	\$ 3,164,871		\$ -	\$ -
84.010A	69,983		-	-
		3,234,854		
84.011	183,842		-	-
84.027	1,144,324		-	-
84.173	21,286		-	-
84.027A	18,297		-	-
84.027A	79,877		-	-
		1,263,784		
84.196	29,194		-	-
84.365A	277,159		-	-
84.367A	315,859		-	-
84.358B	104,388		-	-
84.365A	49,672		-	-
84.048	59,219		-	-
84.048	6,634		-	-
84.424	203,977		-	-
	5,728,582		-	-
93.981	7,020		-	-
	7,020		-	-
10.553	1,354,042		-	106,597
10.555	2,574,218		-	206,923
		3,928,260		
	3,928,260		-	313,520
97.024	3,000		-	-
	3,000		-	-
12.U01	50,283		-	-
	50,283		-	-
	\$ 9,717,145		\$ -	\$ 313,520

*See independent auditors' report.  
See accompanying notes to schedule of expenditures of federal awards.*

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**Deming Public Schools**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2019**

**Notes to Schedule of Expenditures of Federal Awards**

**1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Deming Public Schools and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

**2. Loans**

The District did not expend federal awards related to loans or loan guarantees during the year.

**3. 10% de minimus Indirect Cost Rate**

The District did not elect to use the allowed 10% indirect cost rate.

**4. Federally Funded Insurance**

The District has no federally funded insurance.

**Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:**

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 9,717,145
Total expenditures funded by other sources	61,961,868
<hr/>	
Total expenditures	\$ 71,679,013
<hr/>	

*See independent auditors' report.*

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**Deming Public Schools  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

*Financial Statements:*

- |  |            |
|--|------------|
| 1. Type of auditors’ report issued   | Unmodified |
| 2. Internal control over financial reporting:                                    |            |
| a. Material weaknesses identified?   | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements?                           | No         |

*Federal Awards:*

- |   |            |
|---|------------|
| 1. Type of auditors’ report issued on compliance for major programs   | Unmodified |
| 2. Internal control over major programs:  |            |
| a. Material weaknesses identified?  | Yes        |
| b. Significant deficiencies identified not considered to be material weaknesses?                              | None noted |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516 (a) | Yes        |

4. Identification of major programs:

CFDA Number	Federal Program
10.553 & 10.555	Child Nutrition Cluster
84.010	Title I Grants to Local Educational Agencies – IASA

- |   |           |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee?                                   | No        |

**Deming Public Schools  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Primary Government**

None noted.

**Component Unit**

None noted.

**SECTION III – FEDERAL AWARD FINDINGS**

**Primary Government**

**FA 2018-002 – Annual Report Card, High School Graduation Rate for Title I – Material Weakness and Noncompliance (Repeated and Modified)**

*Condition:* The District was not obtaining proper written documentation to substantiate the correct student withdrawal codes for 24 of 50 students tested.

*Federal Program Information:*

Funding Agency:	U.S. Department of Education
Title:	Title I Grants to Local Education Agencies
CFDA Number:	84.010
Federal Award Identification number	24101
Pass Through Entity:	New Mexico Public Education Department
Award Year:	2018-19

*Progress on resolution of prior year finding:* The district has reviewed and adjusted the current trainings and process for student withdrawal documentation. Additionally, Elevated levels of students' electronic data entry/reporting, administrator review, and performance evaluation impacts have been deployed for responsible staff.



**Deming Public Schools**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2019**

**SECTION III – FEDERAL AWARD FINDINGS (Continued)**

**FA 2018-002 – Annual Report Card, High School Graduation Rate for Title I – Material Weakness and Noncompliance (Repeated and Modified) (Continued)**

*Criteria:* 2 CFR 200.303 requires a non-Federal entity to Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States and the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Per the Adequate Yearly Progress and Other Academic Indicators as described in 34 CFR section 200.13(b)(7)(ii) and 200.19(b)(1), a state educational agency (SEA) and its local educational agencies (LEAs) must report graduation rate data for all public high schools using a 4-year adjusted cohort rate defined as the number of students who graduate in four years with a regular high school diploma divided by the number of students who form the adjusted cohort for that graduating class. To remove a student from the cohort, a school or LEA must confirm in writing that the student transferred out, emigrated to another country, or is deceased. To confirm that a student transferred out, the school or LEA must have official written documentation that the student enrolled in a non-NMPED school that culminates in the award of a regular high school diploma.

*Questioned costs:* None

*Effect:* District’s reported High School Graduation Rate for the 2017-2018 school year cannot be verified due to lack of written documentation for students removed from cohort as transfers.

*Cause:* Lack of internal controls at school sites to ensure that District staff obtains all necessary written documentation for student personnel files, including proof of transfer.

*Auditor’s Recommendation:* We recommend that District Management implement controls over school sites to ensure student personnel files are complete and accurate, including internal audits of school sites and periodic reviews, and a secondary review of the cohort whenever the withdrawal code “W81,” “W10”, “W6”, and “WD” for students who transfer out of the District, is implemented, as well as review of all students with the W codes in the system.

*Management Response:* The district has implemented Student Information System customization for electronic tracking and entry of all student withdrawal documentation and records requests. Increased accountability and review of student records from district leadership have already been put in place.

*Current Status/Plan of Action:* Student Information System customization has been implemented and training will be ongoing as necessary to ensure student records are complete and accurate. Additional review protocols are in place, specifically regarding use of correct withdrawal codes as well as follow up with the school site to ensure correct withdrawal codes are used. Joint training for all responsible parties will be provided and follow up training will be done as necessary. Affirmation forms to certify enrollment/withdrawal documentation is correct and complete will be sent out quarterly. Increased levels of progressive discipline will also be implemented as necessary.

**Deming Public Schools**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2019**

**SECTION III – FEDERAL AWARD FINDINGS (Continued)**

**FA 2018-002 – Annual Report Card, High School Graduation Rate for Title I – Material Weakness and Noncompliance (Repeated and Modified) (Continued)**

*Responsible Officials:* School Principal, School Registrars, District Records Specialist, Chief Academic Officer, Director of Accountability, Accountability Student Data Specialist, Information Operations Specialist, Superintendent. Full implementation is expected to be completed by June 30, 2020.

**FA 2019-001 – Summary Schedule of Prior Year Findings – Other Noncompliance**

*Condition:* The District had noted as part of the schedule of prior year audit evaluation that finding FA 2018-002 had been cleared by providing training to administrators and secretaries on withdrawal procedures. However, while training was provided to personnel involved, controls related to the retention of appropriate documentation were not functioning and appropriate documented was not retained therefore the finding was repeated for FY2019. The number of exceptions increased 23% from 25% to 48% respectively.

*Federal Program Information:*

Funding Agency:	U.S. Department of Education
Title:	Title I Grants to Local Education Agencies
CFDA Number:	84.010
Federal Award Identification number	24101
Pass Through Entity:	New Mexico Public Education Department
Award Year:	2018-19

*Criteria:* 2 CFR 200.516 (a)(7) requires the auditor to report instances where the results of audit follow-up procedures disclosed that the summary schedule of prior audit findings prepared by the auditee in accordance with § 200.511 Audit findings follow-up, paragraph (b) materially misrepresents the status of any prior audit finding.

*Questioned costs:* None

*Effect:* While training was provided to personnel involved, controls related to the retention of appropriate documentation were not functioning and appropriate documented was not retained therefore the finding was not cleared for FY2019.

*Cause:* The District's controls over the process were not fully implemented during the year ended June 30, 2019.

*Auditor's Recommendation:* The auditor recommends that the District verify and properly disclose the status of all prior year findings in the schedule of prior year audit evaluation.

*Management Response:* Prior to disclosing the status of prior year findings, additional examination will be taken to make sure the information is accurate and complete.

**Deming Public Schools**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2019**

**SECTION III – FEDERAL AWARD FINDINGS (Continued)**

**FA 2019-001 – Summary Schedule of Prior Year Findings – Other Noncompliance (Continued)**

*Current Status/Plan of Action:* When providing information on the status of prior year findings in subsequent years, additional consideration will be given to determine the status of the finding. Full implementation is expected to be completed by June 30, 2020.

*Responsible Officials:* Chief Finance Officer

**SECTION IV – NEW MEXICO STATE AUDIT RULE SECTION 12-6-5 NMSA 1978 FINDINGS**

**Primary Government**

**NM 2016-016 – Budgetary Conditions – Other noncompliance**

*Condition:* The District has over expended its budget in the following fund functions:

Fund 31701 Capital Improvements SB-9 - support services	\$	1,612
Fund 41000 Debt Service - support services		3,508

*Progress on resolution of prior year finding:* Prior year finding included over expending 14 funds at the function level of over \$898,245.00. This year there are two funds over expended at the function level for \$5,120.

*Criteria:* NMAC 6.20.2.10 states that all District funds, with the exception of agency funds, are to be budgeted by the local governing body and submitted to the State of New Mexico Public Education

Department for approval. Once adopted, any claims or warrants in excess of budget are a violation of New Mexico State Statute 6-6-6, 1978 Compilation.

*Effect:* The District had expenditures in two fund functions that were not properly budgeted.

*Cause:* The District did not request the budget adjustments at year-end to alleviate these budget overruns.

*Auditors' Recommendations:* We recommend that the District monitor its budgets closely and prepare budget adjustments as necessary.

*Management Response:* Budget authority will be obtained by the board of education and PED for necessary budget adjustments between functions.

*Current Status/Plan of Action:* Budget authority is reviewed at the function level and budget authority will be requested as necessary. Full implementation is expected to be completed by June 30, 2020.

**Deming Public Schools**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2019**

**SECTION IV – NEW MEXICO STATE AUDIT RULE SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)**

**NM 2016-016 – Budgetary Conditions – Other noncompliance (Continued)**

*Responsible Officials:* Chief Finance Officer

**NM 2016-020 – Reporting - Noncompliance (Repeated and modified) (PY FA 2016-020)**

*Condition:* Two out of four reports tested were submitted late. The first quarter report was due October 31, 2018 and submitted on November 2, 2018. The fourth quarter report was due July 31, 2019 and submitted August 1, 2019.

*Progress on resolution of prior year finding:* This year there were two late reports, one was late by two days and one was late by one day. FY18 included two late reports. One was late by one month and one was late by two weeks.

*Criteria:* Per 22-8-5 B NMSA 1978, all public schools and school districts shall comply with the rules and procedures prescribed and shall, upon request, submit additional reports concerning finances to the department, including an accounting of the costs of services related to providing a program included in the educational plan approved by the department. In addition, upon request, all public schools and school districts shall file reports with the department containing pertinent details regarding applications for federal money or federal grants-in-aid or regarding federal money or federal grants-in-aid received, including details of programs, matching funds, personnel requirements, salary provisions and program numbers, as indicated in the catalog of federal domestic assistance, of the federal funds applied for and of those received.

*Effect:* The State of New Mexico does not have a timely reporting of the Districts activity. The District is not in compliance with Federal regulations.

*Cause:* The District does not have proper controls in place to ensure that reports are submitted timely.

*Auditor's Recommendation:* We recommend the District perform reconciliations on a timely basis and evidence that preparation through dating and signature. This will assist with their monthly reporting requirements.

*Management Response:* Reporting will be done timely and requests for extensions will be requested from PED if necessary.

*Current Status/Plan of Action:* As of November 15, 2019 all reports have been submitted on time, this is expected to continue through June 30, 2020.

*Responsible Officials:* Chief Finance Officer and Controller

**Deming Public Schools**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2019**

**SECTION IV – NEW MEXICO STATE AUDIT RULE SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)**

**NM 2019-001 – Travel and Per Diem – Other noncompliance**

*Condition:* The District reimbursed an employees for 30 hours instead of the 27 hours actually traveled resulting in an over payment in the amount of \$8 in 1 out of 5 transaction tested.

*Criteria:* NMAC 6.20.2.19 requires the District to comply with the Per Diem and Mileage Act, Sections 10-8-1 through 10-8-4, for all per diem and reimbursement rates.

*Effect:* The District has overpaid monies for reimbursements using public funds and is not in compliance with the Per Diem and Mileage Act.

*Cause:* The District reimbursed based on a form that incorrectly calculated the travel hours.

*Auditors’ Recommendation:* We recommend the District require all employees to use the approved travel reimbursement forms and verify the calculations are correct using the Per Diem and Mileage Act rates before reimbursement are paid.

*Management Response:* The employee that was previously checking travel and per diem is no longer employed in the Finance Department. Training has been provided and continues for the two new employees that are responsible for paying for travel and per diem.

*Current Status/Plan of Action:* Training has been provided and is ongoing for Finance staff responsible for paying travel and per diem. Forms will be corrected to calculate the rates instead of relying on employees to calculate time / reimbursements. These forms will be protected and added to the forms on the Finance Department website for all employees to use the most recent form. Full implementation is expected to be completed by June 30, 2020.

*Responsible Officials:* Controller

**NM 2019-002 – Cash Appropriation in Excess of Available Cash Balances– Other noncompliance**

*Condition:* The District maintained a deficit budget in excess of available cash balances in the following fund functions:

	Designated Cash	Beginning Year Cash & AR Available	Cash Appropriation in Excess of Available
Fund 29107 City Count Grants	\$ 23,646	\$ -	\$ (23,646)
Fund 43000 Ed Tech Debt Service	194,816	191,434	(3,382)

**Deming Public Schools**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2019**

**SECTION IV – NEW MEXICO STATE AUDIT RULE SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)**

**NM 2019-002 – Cash Appropriation in Excess of Available Cash Balances – Other noncompliance (Continued)**

*Criteria:* Section 2.2.2.10. (P) (1), NMAC, requires all School District funds, with the exception of agency funds, to be budgeted by the local governing body and submitted to the Public Education Department for approval. Cash balances rebudgeted to make up for deficit budgeted revenues that do not cover the budgeted expenditures, cannot exceed the actual cash balance available at the end of the prior year.

*Effect:* The District will have to supplement the budget deficits with other funds, which may lead to financial difficulties and deplete the budget in other funds.

*Cause:* The District has internal controls in place to monitor budget versus available cash, however these fund were missed in the process. The District did not budget revenue for this fund.

*Auditors' Recommendations:* Budget deficits for future years should be reviewed to insure all funds have adequate budget authority and sufficient cash balances for budgeted deficits. Greater attention should be given to the budget monitoring process end-of-the-year cash balance estimates.

*Management Response:* Available cash will be verified prior to requesting budget authority

*Current Status/Plan of Action:* End of the year cash balance estimates will be given additional review before requesting budget authority. Full implementation is expected to be completed by June 30, 2020.

*Responsible Officials:* Chief Finance Officer

**Component Unit**

**CU NM 2017-004 – Travel and Per Diem – Other noncompliance (repeated and modified)**

*Condition:* The Charter reimbursed employees using a combination of per diem and actual expenses resulting in over payments in the amount of \$1,817 in 4 out of 5 transaction tested.

*Progress on resolution of prior year finding:* The new policy, procedures, and forms were implemented in January 2019.

*Criteria:* NMAC 6.20.2.19 requires the Charter to comply with the Per Diem and Mileage Act, Sections 10-8-1 through 10-8-4, for all per diem and reimbursement rates.

*Effect:* The Charter has overpaid monies for reimbursements using public funds and is not in compliance with the Per Diem and Mileage Act.

*Cause:* The Charter was unaware that per diem rate for lodging included meals and was reimbursing per diem rates for lodging plus the per diem rates for each trip.

**Deming Public Schools**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2019**

**SECTION IV – NEW MEXICO STATE AUDIT RULE SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)**

**CU NM 2017-004 – Travel and Per Diem – Other noncompliance (repeated and modified) (Continued)**

*Auditors' Recommendation:* We recommend the Charter follow the Per Diem and Mileage Act when paying per diem and travel reimbursements.

*Management Response:* The Business Manager will ensure that Per Diem and Mileage Act is followed when reimbursements for travel are applicable. The Business Manager will ensure that receipts are maintained with any allowable reimbursement. The process implemented in January 2019 has resolved these issues, but tested transactions were selected from prior to January 2019.

*Current Status/Plan of Action:* Deming Cesar Chavez Charter High School will continue to utilize the approved policy and procedure for travel reimbursement with expense receipts. Full implementation is expected to be completed by June 30, 2020.

*Responsible Officials:* Director, Business Manager, Administrative Assistant

**CU NM 2018-001 – Budgetary Conditions – Other noncompliance (repeated and modified)**

*Condition:* The Charter has over expended its budget in the following fund functions:

<b>Fund and Function</b>	
Fund 24101 Title I IASA - Instruction	\$ 59,931
Fund 24106 Entitlement IDEA-B - Instruction	3,265
Fund 29107 City/County Grants - Instruction	1,354
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Total Governmental Funds	\$ 64,550

*Progress on resolution of prior year finding:* The Business Manager and Executive Director of Finance for Deming Public Schools have initiated a process to ensure that budget and BAR entry and approval are appropriate and correct.

*Criteria:* NMAC 6.20.2.10 states that all Charter funds, with the exception of agency funds, are to be budgeted by the local governing body and submitted to the State of New Mexico Public Education Department for approval. Once adopted, any claims or warrants in excess of budget are a violation of New Mexico State Statute 6-6-6, 1978 Compilation.

*Effect:* The Charter had expenditures in three fund functions that were not properly budgeted.

*Cause:* The Charter did not request the budget adjustments at year-end to alleviate these budget overruns.

*Auditors' Recommendations:* We recommend that the Charter monitor its budgets closely and prepare budget adjustments as necessary.

**Deming Public Schools**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2019**

**SECTION IV – NEW MEXICO STATE AUDIT RULE SECTION 12-6-5 NMSA 1978 FINDINGS (Continued)**

**CU NM 2018-001 – Budgetary Conditions – Other noncompliance (repeated and modified) (Continued)**

*Management Response:* The Business Manager will work to ensure that budget adjustment requests are submitted and positioned to be approved by PED. The Business Manager will work closely with Deming Public Schools for appropriate BAR actions and budget items where Deming Public Schools is the flow-through agency.

*Current Status/Plan of Action:* The Business Manager has communicated with NM PED related to the budget status and issues with BAR approval. As of September 2019, a new budget analyst has been assigned to Deming Cesar Chavez Charter High School. The Business Manager will continue to communicate with the Executive Director of Finance for Deming Public Schools to ensure budget and BAR entry and approval. Full implementation is expected to be completed by June 30, 2020.

*Responsible Officials:* Business Manager

**CU NM 2019-001 – Journal Entry Internal Controls Deficiencies – Other noncompliance**

*Condition:* There was no written documentation on 1 of 4 journal entries tested that show preparer, reviewer, and poster initials and dates.

*Criteria:* *The Codification of Statements on Auditing Standards (SAS AU)* paragraph 110.03 states that the financial statements are management's responsibility. Management is responsible for adopting sound accounting policies, and for establishing and maintaining internal control that will, among other things, initiate, authorize, record, process, and report transactions (as well as events and conditions) consistent with management's assertions embodied in the financial statements.

*Effect:* Not having proper documentation of journal entry preparation and review could result in journal entries being posted to the system incorrectly as well as causing material misstatements to the financial statements.

*Cause:* Management does not have a policy in place to accurately track journal entry preparation, review, and posting.

*Auditors' Recommendations:* The Charter should implement a procedure where initials and dates of the preparer, reviewer, and poster of journal entries is documented on paper.

*Management Response:* Deming Cesar Chavez Charter High School will ensure that all journal entries are appropriately signed, initialed, and dated by the preparer, reviewer, and poster of the entries.

*Current Status/Plan of Action:* A new process for the posting of journal entries, while ensuring appropriate signatures, will be put into place as of December 2019.

*Responsible Official:* Business Manager, Administrative Assistant



**Deming Public Schools**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2019**

**SECTION V – PRIOR YEAR FINDINGS**

**Primary Government**

**FS 2016-009** Lack of Internal Controls (Material Weakness) – Resolved

**FA 2016-020** Reporting (Material Noncompliance) – Repeated and modified as Finding NM 2016-020

**FA 2018-001** Suspension and Debarment (Significant Deficiency) – Resolved

**FA 2018-002** Annual Report Card, High School Graduation Rate for Title I (Significant Deficiency and Noncompliance) – Repeated and modified

**FA 2018-003** Noncompliant Meals (Noncompliance) – Resolved

**NM 2016-003** PED Reporting (Material noncompliance) – Resolved

**NM 2016-016** Budgetary Conditions (Other noncompliance) – Repeated and modified

**NM 2017-001** ERB Employee Reporting (Other noncompliance) – Resolved

**NM 2017-002** Annual Inventory Certification (Other noncompliance) – Resolved

**NM 2018-001** Conflict of Interest (Other noncompliance) – Resolved

**Component Unit**

**CU NM 2017-002** Posting of Financial Reporting (Other Noncompliance) – Resolved

**CU NM 2017-004** Travel and Per Diem (Other noncompliance) – Repeated and modified

**CU NM 2018-001** Budgetary Conditions (Other noncompliance) – Repeated and modified

**CU NM 2018-002** ERB Employee Reporting (Other noncompliance) – Resolved

**EXIT CONFERENCE**

An exit conference was held on November 15, 2019. In attendance were the following:

**Representing Deming Public Schools:**

Arsenio Romero	Superintendent
Lesley Doyle	Chief Finance Officer
Joe Adcock	Controller
Bayne Anderson	Board President
Terry Tufts	Audit Committee Member

**Representing Cesar Chavez High School Charter School:**

Chris Masters	Business Manager
Tony Guerrero	Governing Council Member

**Representing Carr, Riggs & Ingram, LLC:**

Ray Roberts, CPA	Partner-In-Charge of the Southwest Practice Unit
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**AUDITOR PREPARED FINANCIAL STATEMENTS**

Carr, Riggs & Ingram, LLC prepared the GAAP-basis financial statements and footnotes of Deming Public Schools from the original books and records provided to them by the management of the District. The responsibility for the financial statements remains with the District.