

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS**

**AUDITED FINANCIAL STATEMENTS AND
ANNUAL FINANCIAL REPORT
WITH INDEPENDENT AUDITORS'
REPORT THEREON
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS**

TABLE OF CONTENTS

JUNE 30, 2019

INTRODUCTORY SECTION:

Official Roster..... iv

FINANCIAL SECTION

Independent Auditors' Report..... 1 – 3

BASIC FINANCIAL STATEMENTS:

Government-Wide Financial Statements:

Statement of Net Position..... 4

Statement of Activities..... 5

Fund Financial Statements:

Balance Sheet – Governmental Funds..... 6

Reconciliation of Governmental Funds Balance Sheet to the
Statement of Net Position..... 7

Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds..... 8

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances – Governmental Funds to the Statement of Activities..... 9

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-
GAAP Budgetary Basis) and Actual (Non-GAAP Budgetary Basis) –
General Funds 10

Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-
GAAP Budgetary Basis) and Actual (Non-GAAP Budgetary Basis) –
San Juan Windfarm Fund..... 11

Statement of Fiduciary Assets and Liabilities – Agency Funds 12

NOTES TO FINANCIAL STATEMENTS..... 13 - 51

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS**

TABLE OF CONTENTS

JUNE 30, 2019

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of District's Proportionate Share of the Net Pension Liability	53
Schedule of District's Contributions	54
Schedule of District's Proportionate Share of the Post-Employment Benefits Other Than Pensions.....	55
Schedule of District's Contributions Post-Employment Benefits Other Than Pensions	56
Notes to Required Supplementary Information.....	57

SUPPLEMENTARY INFORMATION

Combined Balance Sheets – Non-Major Governmental Funds	58
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds	59
Non-Major Special Revenue Funds Descriptions	60 - 61
Combining Balance Sheet – Non-Major Special Revenue Funds.....	62 - 65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Special Revenue Funds.....	66 - 69
Non-Major Capital Projects Funds Descriptions	70
Combining Balance Sheets – Non-Major Capital Projects Funds	71
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Capital Projects Funds.....	72
Non-Major Debt Service Funds Descriptions.....	73
Combining Balance Sheets – Non-Major Debt Service Funds.....	74
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Debt Service Funds	75

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS**

TABLE OF CONTENTS

JUNE 30, 2019

SUPPLEMENTARY INFORMATION (CONTINUED)

Combining Balance Sheets – General Fund	77
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – General Fund.....	78
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual (Non-GAAP Budgetary Basis) – Operational Fund (11000)	79
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual (Non-GAAP Budgetary Basis) – Teacherage Fund (12000).....	80
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual (Non-GAAP Budgetary Basis) – Pupil Transportation Fund (13000)	81
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual (Non-GAAP Budgetary Basis) – Instructional Fund (14000).....	82

SUPPLEMENTARY SCHEDULES

Schedule of Changes in Assets and Liabilities – Agency Funds	84
Detailed Schedule of Changes in Assets and Liabilities – All Agency Funds	85
Schedule of Collateral Pledged by Depository for Public Funds.....	86
Schedule of Cash and Temporary Investment Accounts.....	88
Schedule of Cash Reconciliations.....	89 – 94

COMPLIANCE SECTION

Independent Auditors’ Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	95 – 96
Schedule of Findings and Responses.....	97 - 108
Exit Conference	109

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS**

OFFICIAL ROSTER

JUNE 30, 2019

Board of Education

*Emiliano Jasso, Jr. President
Scott Burton Vice-President
Garland Creighton Secretary
Jenny Clemmons Member
Cody Ferguson Member
*Chance Bradley Member

School Officials

Tandee Delk Superintendent
Waverly Criswell Principal
Annette Kirk Business Manager

*Emiliano Jasso, Jr. resigned effective June 1, 2019. Chance Bradley was appointed to replace him on June 11, 2019.



Independent Auditors' Report

Honorable Brian S. Colón, Esq.
New Mexico State Auditor
Santa Fe, New Mexico
and
The Board of Education
Elida Municipal Schools
Elida, New Mexico

Report on Financial Statements

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

Management's Responsibility for the Financial Statements

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

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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

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

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

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
General Fund (Major Fund)	Qualified
San Juan Windfarm (Major Fund)	Qualified
SB-9 Local (Major Fund)	Qualified
Aggregate Remaining Fund Information	Qualified

Basis for Qualified Opinions on Revenues, Expenses and Expenditures

The District made adjusting journal entries to revenue, expenses, and expenditures to reconcile cash that affect Governmental Activities, each major fund and the aggregate remaining fund information. The revenue, expenses, and expenditure amounts by which the Governmental Activities, each major fund and the aggregate remaining fund information were adjusted are material.

Qualified Opinions

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinions on Revenues, Expenses and Expenditures” paragraph, the financial statements referred to above present fairly, in all material respects, the financial position and the budgetary comparisons for the general fund and the major special revenue fund of the District as of June 30, 2019, and the 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:

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

Accounting principles generally accepted in the United States of America require that the *District's Proportionate Share of the Net Pension Liability* and their *Proportionate Share of the OPEB Liability* on pages 53 and 55, the *Schedules of the District's Contributions* on pages 54 and 56, and the notes to the required supplementary information, on page 57 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 and historical context.

We have applied certain limited procedures to the Schedule of the *District's Proportionate Share of the Net Pension Liability* and *District's Proportionate Share of the OPEB Liability* in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the District's financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The other schedules required by Section 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Kubiak Melton & Associates, LLC

Kubiak Melton & Associates, LLC
Auditors – Business Consultants – CPAs

Albuquerque, New Mexico
May 11, 2020

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
STATEMENT OF NET POSITION
AS OF JUNE 30, 2019**

	Governmental Activities
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 331,041
Receivables:	
Property Taxes	231
Due From Other Governments	86,033
Inventory	738
Total Current Assets	418,043
Noncurrent Assets	
Capital Assets:	
Capital Assets Not Being Depreciated	9,300
Capital Assets Being Depreciated	7,030,121
Less: Accumulated Depreciation	(4,246,524)
Total Noncurrent Assets	2,792,897
Deferred Outflows of Resources:	
Deferred Outflows, OPEB Related	27,714
Deferred Outflows, Pension Related	1,085,070
Total Deferred Outflows of Resources	1,112,784
Total Assets and Deferred Outflows of Resources	\$ 4,323,724
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 11,802
Accrued Compensated Absences	13,210
Total Current Liabilities	25,012
Noncurrent Liabilities:	
Net OPEB Liability	1,018,820
Net Pension Liability	4,202,396
Total Noncurrent Liabilities	5,221,216
Total Liabilities	5,246,228
Deferred Inflows of Resources:	
Deferred Inflows, OPEB Related	379,384
Deferred Inflows, Pension Related	301,122
Total Deferred Inflows of Resources	680,506
Total Liabilities and Deferred Inflows of Resources	5,926,734
NET POSITION	
Net Investment in Capital Assets	2,792,897
Restricted	468,154
Unrestricted	(4,864,061)
Total Net Position (Deficit)	(1,603,010)
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 4,323,724

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Functions and Programs	Expenses	Program Revenues			Net (Expenses) Revenues and and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
PRIMARY GOVERNMENT					
Governmental Activities					
Direct Instruction	\$ 1,853,319	\$ 57,195	\$ 410,329	\$ -	\$ (1,385,795)
Instructional Support	1,457,518	-	-	-	(1,457,518)
Food Services	80,151	-	54,028	-	(26,123)
Total Governmental Activities	\$ 3,390,988	\$ 57,195	\$ 464,357	\$ -	(2,869,436)
General Revenues:					
Taxes:					
General Purpose					11,384
Capital Projects					50,607
Debt Service					23
Oil and Gas					5,655
Donations					20,100
Payments In Lieu of Taxes					338,600
Earnings From Investments					44
Other					98,170
State Equalization Guarantee Revenue					1,927,113
Total General Revenues					2,451,696
Change in Net Position					(417,740)
Net Position, Beginning					(1,152,293)
Restatement					(32,977)
Net Position, Beginning, as Restated					(1,185,270)
Net Position, Ending					\$ (1,603,010)

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF JUNE 30, 2019**

	<u>General Fund</u>	<u>San Juan Windfarm</u>	<u>SB-9 Local</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Activities</u>
ASSETS					
Cash and Cash Equivalents	\$ 10,805	\$ 297,515	\$ 114,755	\$ 19,492	\$ 442,567
Receivables:					
Property Taxes	46	-	185	-	231
Due From Other Governments	949	-	-	85,084	86,033
Inventory	-	-	-	738	738
Total Assets	<u>\$ 11,800</u>	<u>\$ 297,515</u>	<u>\$ 114,940</u>	<u>\$ 105,314</u>	<u>\$ 529,569</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Cash Overdraft	\$ 5,196	\$ -	\$ -	\$ 106,330	\$ 111,526
Accounts Payable	6,947	3,750	1,105	-	11,802
Total Liabilities	<u>12,143</u>	<u>3,750</u>	<u>1,105</u>	<u>106,330</u>	<u>123,328</u>
Fund Balances					
Nonspendable:					
Inventories	-	-	-	738	738
Spendable					
Restricted for:					
Special Revenue	-	293,765	-	7,777	301,542
Capital Projects	-	-	113,835	4,216	118,051
Debt Service	-	-	-	10,666	10,666
Unassigned	(343)	-	-	(24,413)	(24,756)
Total Fund Balances	<u>(343)</u>	<u>293,765</u>	<u>113,835</u>	<u>(1,016)</u>	<u>406,241</u>
Total Liabilities and Fund Balances	<u>\$ 11,800</u>	<u>\$ 297,515</u>	<u>\$ 114,940</u>	<u>\$ 105,314</u>	<u>\$ 529,569</u>

**STATE OF NEW MEXICO
 ELIDA MUNICIPAL SCHOOLS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS
 BALANCE SHEET TO THE STATEMENT OF NET POSITION
 JUNE 30, 2019**

	Governmental Funds
Amounts reported for governmental activities in the statement of net position are different because:	
Fund Balance - Total Governmental Funds	\$ 406,241
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, (net):	2,792,897
Defined benefit pension plan and OPEB deferred outflows are not financial resources and, therefore, are not reported in the funds	1,112,784
Defined benefit pension plan and OPEB deferred inflows are not financial resources and, therefore, are not reported in the funds	(680,506)
Long-Term Liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
Net OPEB Liability	(1,018,820)
Net Pension Liability	(4,202,396)
Compensated Absences	(13,210)
Net Position per Statement of Net Position	\$ (1,603,010)

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>General Fund</u>	<u>San Juan Windfarm</u>	<u>SB-9 Local</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Activities</u>
REVENUES:					
Taxes	\$ 12,515	\$ -	\$ 55,131	\$ 23	\$ 67,669
Payments In Lieu of Taxes		338,600			338,600
Charges for Services	23,125	-	-	34,070	57,195
Local Sources	-	-	-	-	-
State Sources	2,147,913	-	-	89,772	2,237,685
Federal Sources	-	-	-	153,785	153,785
Earnings from Investments	-	44	-	-	44
Other	77	73,806	-	24,287	98,170
Donations	20,000	-	-	100	20,100
Total Revenues	<u>2,203,630</u>	<u>412,450</u>	<u>55,131</u>	<u>302,037</u>	<u>2,973,248</u>
EXPENDITURES:					
Current:					
Direct Instruction	1,219,804	26,083	-	218,842	1,464,729
Instructional Support	1,067,574	174,653	27,696	28,884	1,298,807
Food Services	-	-	-	78,547	78,547
Capital Outlay	20,000	277,706	-	-	297,706
TOTAL EXPENDITURES	<u>2,307,378</u>	<u>478,442</u>	<u>27,696</u>	<u>326,273</u>	<u>3,139,789</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(103,748)</u>	<u>(65,992)</u>	<u>27,435</u>	<u>(24,236)</u>	<u>(166,541)</u>
Other Financing Sources and Financing Uses:					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources and Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(103,748)	(65,992)	27,435	(24,236)	(166,541)
Fund Balance at Beginning of Year	<u>103,405</u>	<u>359,757</u>	<u>86,400</u>	<u>23,220</u>	<u>572,782</u>
Fund Balance at End of Year	<u>\$ (343)</u>	<u>\$ 293,765</u>	<u>\$ 113,835</u>	<u>\$ (1,016)</u>	<u>\$ 406,241</u>

See Independent Auditors' Report and Notes to Financial Statements

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

	Governmental Funds
Amounts reported for governmental activities in the statement of activities are different because:	
Net Change in Fund Balance - Total Governmental Funds	\$ (166,541)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays for the period:	
Capital Outlay	297,706
Depreciation Expense	(173,413)
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:	
OPEB Expense	52,669
Pension Expense	(414,951)
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. In addition, 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. Also, governmental funds report issuance of capital lease obligations as other financing sources while it is not accounted for in the statement of activities:	
Compensated Absences Expense	(13,210)
Change in Net Position - Total Governmental Activities	\$ (417,740)

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
GENERAL FUND – (11000, 12000, 13000, 14000)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
– BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:				
Taxes	\$ 10,763	\$ 10,763	\$ 12,414	\$ 1,651
Charges for Services	12,000	12,000	23,180	11,180
Local Sources	-	-	-	-
State Sources	1,991,896	1,991,896	2,193,490	201,594
Federal Sources	-	-	-	-
Earnings from Investments	-	-	-	-
Other	-	-	77	77
Donations	-	-	20,000	20,000
Total Revenues	<u>2,014,659</u>	<u>2,014,659</u>	<u>2,249,161</u>	<u>234,502</u>
EXPENDITURES:				
Current:				
Direct Instruction	1,145,603	1,145,603	1,217,777	(72,174)
Instructional Support	992,457	992,457	1,063,528	(71,071)
Food Services	-	-	-	-
Other	-	-	-	-
Capital Outlay	-	-	20,000	(20,000)
Total Expenditures	<u>2,138,060</u>	<u>2,138,060</u>	<u>2,301,305</u>	<u>(163,245)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(123,401)</u>	<u>(123,401)</u>	<u>(52,144)</u>	<u>71,257</u>
Other Financing Sources and Financing Uses:				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources and Financing Uses:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(123,401)	(123,401)	(52,144)	71,257
Fund Balance at Beginning of Year	-	-	22,737	22,737
Fund Balance at End of Year	<u>\$ (123,401)</u>	<u>\$ (123,401)</u>	<u>\$ (29,407)</u>	<u>\$ 93,994</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Revenues - Budgetary Basis			\$ 2,249,161	
Revenues - Modified Accrual Basis			<u>2,203,630</u>	
Adjustments to Revenues for Taxes and Intergovernmental Revenues			<u>\$ 45,531</u>	
Expenditures - Budgetary Basis			\$ 2,301,305	
Expenditures - Modified Accrual Basis			<u>2,307,378</u>	
Adjustments to Expenditures for Supplies and Payroll Expense			<u>\$ (6,073)</u>	

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
SAN JUAN WINDFARM FUND – (29134)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
– BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-
Local Sources	-	-	-	-
State Sources	-	-	-	-
Federal Sources	-	-	-	-
Earnings from Investments	5	5	44	39
Other	-	-	73,806	73,806
Donations	-	-	-	-
Total Revenues	<u>5</u>	<u>5</u>	<u>73,850</u>	<u>73,845</u>
EXPENDITURES:				
Current:				
Direct Instruction	197,500	197,500	26,082	171,418
Instructional Support	235,012	235,012	380,121	(145,109)
Food Services	-	-	-	-
Other	-	-	-	-
Capital Outlay	235,000	235,000	68,488	166,512
Total Expenditures	<u>667,512</u>	<u>667,512</u>	<u>474,691</u>	<u>192,821</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(667,507)</u>	<u>(667,507)</u>	<u>(400,841)</u>	<u>266,666</u>
Other Financing Sources and Financing Uses:				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources and Financing Uses:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(667,507)	(667,507)	(400,841)	266,666
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	<u>\$ (667,507)</u>	<u>\$ (667,507)</u>	<u>\$ (400,841)</u>	<u>\$ 266,666</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Revenues - Budgetary Basis			\$ 73,850	
Revenues - Modified Accrual Basis			<u>412,450</u>	
Adjustments to Revenues for Taxes and Intergovernmental Revenues			<u>\$ (338,600)</u>	
Expenditures - Budgetary Basis			\$ 474,691	
Expenditures - Modified Accrual Basis			<u>478,442</u>	
Adjustments to Expenditures for Supplies and Payroll Expense			<u>\$ (3,751)</u>	

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES – AGENCY FUNDS
JUNE 30, 2019**

	<u>Agency Funds</u>
Assets	
Cash and Cash Equivalents	\$ <u>49,637</u>
Total Assets	<u>\$ 49,637</u>
Liabilities	
Deposits Held for Others	\$ <u>49,637</u>
Total Liabilities	<u>\$ 49,637</u>

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1: Summary of Significant Accounting Policies

The Elida Municipal Schools (District) is a special purpose government corporation governed by an elected five-member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public-school education of the District. 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.

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 who is responsible for their integrity and objectivity. 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. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The financial statements have incorporated all applicable GASB statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on accounting procedures. The more significant of the government's accounting policies are described below.

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 61. 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.

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 can 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 no component units, and is not a component unit of another governmental agency.

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1: Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally 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 reports no business-type activities.

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

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

Measurement Focus and Basis of Accounting

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 has been incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues, net of estimated refunds and estimated uncollectible amounts, in the year in 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 are generally recorded when the related liability is incurred, the same 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.

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1: Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

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

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

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private sector guidance.

Program revenues are categorized as (a) charges for services, which include revenues collected for cafeteria fees and lost books, etc., (b) program-specific operating grants, which include revenues received from state and federal sources such as Title I, IDEA-B, Charter Schools and Magnet School funding to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from state sources such as SB-9 and HB-33 funding to be used for capital projects. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expenses of each function, except for that portion of depreciation that is identified as unallocated on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1: Summary of Significant Accounting Policies (continued)

Basis of Presentation

Governmental Funds

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

Operational (General Fund(s))

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

Special Revenue Funds

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

Capital Projects Funds

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

Debt Service Funds

The Debt Service Fund accounts for the services of long-term debt not being financed by proprietary or non-expendable trust funds.

Under the requirements of GASB Statement No. 34, the District is required to present certain of its governmental funds as major funds based upon certain criteria. The **major funds** presented in the fund financial statements include the following (in addition to the General Fund), which may include funds that were not required to be presented as major but were at the discretion of management:

General Funds (11000, 12000, 13000, 14000)

The General Fund consists of four sub funds. The first is the Operational fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. The Teacherage Fund is to provide teachers affordable housing to entice them to teach there. The Transportation fund includes a state grant to provide transportation for students in the District. The Instructional Materials fund accounts for a state grant to provide textbooks for students in the District.

Wind Farm - Special Revenue Fund (29134)

This fund is used to account for wind farm payment in lieu of property taxes revenue. The fund was created by definition. This is a special revenue fund.

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1: Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Capital Improvement SB-9 Local (31701)

To account for erecting, remodeling, making additions to and furnishing of school buildings or purchasing or improving school grounds or any combination thereof as identified by the local school board. Financing is provided by special tax levy as authorized by the Public School District Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978). This is a capital projects fund.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fiduciary Funds

The Fiduciary Funds account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. The District has the following agency fund:

The School Activity Fund (Agency Fund) – accounts for resources held by the District in a purely custodial capacity (assets equal liabilities). Agency funds typically involve the receipt, temporary investment, and remittance of fiduciary resources to student activity groups.

GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions effective for reporting periods beginning after June 15, 2010. The statement establishes fund balance classifications, provides for a hierarchy or spending constraints for spendable resources and requires disclosures of nonspendable and spendable resources.

Assets, Liabilities, Deferred Outflows / Inflows of Resources and Net Position / Fund Balance

Cash and Cash Equivalents

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

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

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 100% of the asked price on United States treasury bills of the same maturity on the day of deposit.

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1: Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflows / Inflows of Resources and Net Position / Fund Balance (continued)

Cash and Cash Equivalents (continued)

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

Investments for the District are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

The District receives monthly income from tax levies in Roosevelt and Chaves Counties. The funds are collected by the County Treasurers and are remitted to the District the following month. Under the modified accrual method of accounting, the amount remitted by the County Treasurers 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.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. As of June 30, 2019, the District does not have any prepaid items.

Instructional Materials

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

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1: Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflows / Inflows of Resources and Net Position / Fund Balance (continued)

Inventories

Inventory is valued at lower of cost (first in, first out) or market. Inventory in the Special Revenue Funds consists of USDA commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as expenditures at the time individual inventory items are consumed. The USDA commodities are recorded at year-end by audit adjusting entries. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories. Non-commodity inventories are equally offset by a fund balance reserve, which indicates that they do not constitute available spendable resources even though they are a component of net current assets. Inventories are valued at \$738 as of June 30, 2019.

Capital Assets

Capital assets, which include property, plant and equipment (including computer software), are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost and estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government-wide statements.

Information technology equipment, including software, is being capitalized and included in furniture and equipment as the District did not maintain internally developed software. Library books are also being capitalized and depreciated. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's useful life are not capitalized. No interest was included as part of the cost of capital assets under construction during the year ended June 30, 2019.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest on construction projects has not been capitalized. Property, plant and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	30 - 50
Equipment, Vehicles & Computers	5 - 30

Unearned Revenues

The District recognizes grant revenue at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue funds are shown as unearned revenues. Amounts receivable from the property taxes levied for the current year that are not considered to be "available" under the current financial resources measurement focus are reported as unearned revenues in the governmental fund financial statements. For the fiscal year ended June 30, 2019, there were no unearned revenues.

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1: Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflows / Inflows of Resources and Net Position / Fund Balance (continued)

Deferred Outflows / Inflows of Resources

Deferred Outflow of Resources: In addition to assets, the Statement of Net Position 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 (expense) until that time. The District has three types of items that qualify for reporting in this category related to GASB 68 and GASB 75: changes in proportion, net difference between expected and actual experience and employer contributions subsequent to measurement date. These total \$1,112,784 and have been reported as deferred outflows of resources. These amounts are reported in the Statement of Net Position. These amounts are deferred and recognized as outflows of resources the next period.

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 deferred inflow of resources.

The District has three types of deferred inflows which arise due to the implementation of GASB 68 and the related net pension liability and GASB 75 and the related postemployment benefits other than pensions (OPEB). Accordingly, these items, net difference between projected and actual investment earnings, change in assumptions, and differences between expected and actual experience, are reported on the Statement of Net Position in the amount of \$680,506 as of June 30, 2019. Net difference between expected and actual investment earnings are amortized into expense over a five-year period. Changes in assumptions are amortized into pension expense over the average remaining service life of the employee participants. Differences between expected and actual experience are amortized into pension expense over the five-year period. Detail is found in the notes and the required supplementary information.

Compensated Absences

All personnel employed by the District are entitled to leave as per the following categories and schedules.

Twelve-month employees working more than (20) hours per week will earn vacation days in relation to the years of service as computed as follows:

- 1 – 5 years of employment: 10 days
- 6 – 10 years of employment: 12 days
- 11+ years of employment: 15 days

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1: Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflows / Inflows of Resources and Net Position / Fund Balance (continued)

Compensated Absences (continued)

Vacation time may be taken during the school year that it is earned, but no more than has been earned at the time it is taken. Vacation time must be taken in no less than one-half (1/2) day increments when school is in session. Vacation may accumulate to a maximum of twenty (20) days, at which time no more vacation can be earned. As accumulated vacation days are used and drop below twenty (20) days, an eligible employee may again accumulate vacation up to the maximum limit.

Employees voluntarily terminating their service with the District are expected to give advance notice of not less than ten (10) working days. Any authorized unused vacation credit will be paid to employees with the last paycheck.

The District's recognition and measurement criteria for compensated absences follow GASB Statement No. 16, which provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by employees if the employees right to receive compensation is attributable to services already rendered and it is probable that the employer will compensate the employee for the benefits at termination or retirement. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account Compensated Absences Payable in the fund from which the employees who have accumulated unpaid leave are paid. 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.

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 Plan (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 payment (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB)

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

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1: Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflows / Inflows of Resources and Net Position / Fund Balance (continued)

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. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of 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. As of June 30, 2019, the District does not have any long-term obligations.

Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as capital projects expenditures.

Fund Balance and Net Position

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

Net Investment in Capital Assets: This component consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position: Net position is reported as restricted when constraints placed on net position use either (1) externally imposed by creditors, grantors, contributions or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position: Net position which does not meet the definition of “restricted” and “net investment in capital assets”.

In the fund financial statements, governmental funds report aggregate amounts for several classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form (prepaid items, inventories) or are legally or contractually required to be maintained intact. The District has inventories that are considered nonspendable. The District will maintain a fund balance equal to the value of inventory balances and prepaid items (to the extent that such balances are not offset by liabilities and actually result in fund balance). The District does not have any prepaid items but does have nonspendable funds related to inventories.

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1: Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflows / Inflows of Resources and Net Position / Fund Balance (continued)

Fund Balance and Net Position (continued)

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

Nonspendable fund balances includes amount that are not in spendable form or are legally or contractually required to be maintained intact. This criterion includes items that are not expected to be converted to cash such as inventories, prepaid items and long-term notes receivable.

Restricted fund balances are constrained by external parties, constitutional provisions or enabling legislation.

Committed fund balances contain self-imposed constraints of the government from its highest level of decision-making authority or the Board of Education. Commitments will only be used for specific purposes pursuant to a formal action by the Board of Education.

Assigned fund balances contain self-imposed constraints of the government to be used for a particular purpose.

Unassigned fund balances of the general fund are not constrained for any particular purpose.

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then restricted resources – committed, assigned, and unassigned in that order.

Spendable refers to the District's spendable fund balances as restricted, assigned and unassigned and considers each to have been spent when expenditures are incurred. The District currently has no funds classified as committed.

Restricted for grant activities, food services, instructional materials, debt service, capital projects and pupil transportation means that federal and state statutes require that certain revenues be specifically designed for the purposes of federal and state grant activities, food services, debt service and capital projects. The funds have been included in restricted category of fund balance.

Interfund Activity

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Some transactions constitute reimbursements to a fund from expenditures/expenses initially made from it that are properly applicable to another fund. These transactions are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1: Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflows / Inflows of Resources and Net Position / Fund Balance (continued)

Indirect Costs

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates affecting the District's financials include management's estimate of the useful lives of capital assets, net pension liability and related deferred inflows and outflows or resources, OPEB liability and related deferred inflows and outflows of resources, and the current portion of accrued compensated absences.

Revenues

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

A school district's program costs are determined using 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 Secretary of the Public Education Department. The District received \$1,927,113 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 \$62,014 in ad valorem taxes (property taxes) and \$5,655 in oil & gas tax revenues in the governmental fund 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.

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1: Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflows / Inflows of Resources and Net Position / Fund Balance (continued)

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 Secretary of the Public Education Department. The funds shall be used only for making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$215,337 in transportation distributions during the year ended June 30, 2019.

Instructional Materials: The New Mexico Public Education Department (PED) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the purchase of materials listed in the PED "Multiple 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 \$5,463.

Public School Capital Outlay: Under the provisions of Chapter 22, Article 24, a public-school capital outlay fund was created. The money in the fund may be used only for capital expenditures deemed by the public school capital outlay council necessary for an adequate educational program, and the capital outlay expenditures are limited to the purchase, or construction of temporary or permanent classrooms. The council shall approve an application for grant assistance from the fund when the council determines that:

1. A critical need exists requiring action;
2. The residents of the school districts have provided all available resources to the district to meet its capital outlay requirements;
3. The school district has used its resources in a prudent manner;
4. The school district is in a county or counties which have participated in the reappraisal program and the reappraised values are on the tax rolls, or will be used for the tax year 1979 as certified by the property tax division; and
5. The school district has provided insurance for buildings of the school district in accordance with the provisions of Section 13-5-3 NMSA 1978.

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1: Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflows / Inflows of Resources and Net Position / Fund Balance (continued)

Revenues (continued)

The council shall consider all applications for assistance from the fund and after public hearing shall either approve or deny the application. Applications for grant assistance shall only be accepted by the council after a district has complied with the provisions of this section. The council shall list all applications in order of priority and all allocations shall be made on a priority basis.

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. For the year ended June 30, 2019 the District did not receive Public School Capital Outlay funds.

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

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 is operated 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.

The District also receives revenues from Federal departments which are unrestricted to expenditures for special purposes. These revenues are reported in the Operational Fund.

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 2: Stewardship, Compliance and Accountability

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

These budgets are prepared on the Non-GAAP (Cash), budgetary basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. 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 a designated portion of the fund balance.

Actual expenditures may not exceed the budget at the function level. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a 'function,' this may be accomplished with only local Board of Education approval. If a transfer between 'functions' or a budget increase is required, approval must also be obtained from the New Mexico Public Education Department.

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 School Budget and Finance Analysis Bureau (SBFAB) of the New Mexico Public Education Department, 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 submitted to the State of New Mexico Public Education Department (PED) by the District shall contain headings and details as described by law and have been approved by the New Mexico Public Education Department.
2. In May or June of each year, the proposed "operating" budget will be reviewed and approved by the SBFAB and certified and approved by the local school board at a public hearing of which notice has been published by the local school board who fixes the estimated budget for the District for the ensuing fiscal year.
3. The school board meeting, while not intended for the public, is open for the 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 SBFAB 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. 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 SBFAB.

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 2: Stewardship, Compliance and Accountability (continued)

5. 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 New Mexico Public Education Department.
6. 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 District and approved by the SBFAB.
7. Legal budget control for expenditures is by function.
8. 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 of the District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.
9. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds.
10. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for budget purposes. The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance.¹ New Mexico state law prohibits a Governmental Agency from exceeding an individual function expenditure budget.

The Board may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balances. New Mexico State Law prohibits a governmental agency from exceeding an individual line item.

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

Since accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2019, is presented.

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 3: Cash and Cash Equivalents

The stated listed below will meet the State of New Mexico Office of the State Auditor's requirement in reporting the uninsured portion of the deposits. As of June 30, 2019, none of the Districts' bank balance of \$568,111 was exposed to custodial risk as follows:

	Bank
Total Amount of Deposits	\$ 568,111
Less: FDIC Coverage	<u>(250,000)</u>
Total Uninsured Public Funds	<u>\$ 318,111</u>
Collateral requirement (50% of uninsured public funds)	\$ 159,056
Less: Pledged Securities	<u>602,176</u>
Total (Over) Under Collateralized	<u>\$ (443,120)</u>

New Mexico State Statutes require collateral pledged for deposits in excess of federal deposit insurance to be delivered, or joint safekeeping receipts be issued, to the District for at least one-half of the amount on deposit with the institution. The schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits.

The collateral pledged is listed in the supplementary section of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

A reconciliation of cash and cash equivalents as of June 30, 2019 is as follows:

Reconciliation of Cash and Cash Equivalents

Governmental Funds - Balance Sheet:	
Cash and Cash Equivalents	\$ 442,567
Cash Overdraft	(111,526)
Cash - Agency Funds	<u>49,637</u>
Reconciled Balance of Deposits	<u>\$ 380,678</u>
Reconciled Balance of Deposits	\$ 380,678
Less: Activity Funds Cash	<u>(49,637)</u>
Cash per Statement of Net Position	<u>\$ 331,041</u>

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 3: Cash and Cash Equivalents (continued)

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest-bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. Additionally, all deposits in non-interest-bearing transaction accounts (such as non-interest bearing checking accounts) at participating institutions are fully guaranteed, regardless of dollar amount.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued to the District for at least one-half of the amount on deposit with the institution.

NOTE 4: Receivables

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

Receivables:	General	Other Major Funds	Other Governmental	Total
Property Tax Receivable	\$ 46	\$ 185	\$ -	\$ 231
Due From Other Governments	949	-	85,084	86,033
Total Receivables	\$ 995	\$ 185	\$ 85,084	\$ 86,264

The above receivables are deemed 100% collectible. In accordance with the GASB statement No. 33, property tax receivables should be presented net of deferred revenues on the governmental fund financial statements. However, we were unable to obtain the delinquent property tax listing from the District.

NOTE 5: Interfund Receivables, Payables and Transfers

Interfund balances are primarily recorded when funds overdraw their share of pooled cash when the District is waiting for grant reimbursements. There were no interfund receivables or payables recorded as of June 30, 2019.

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 6: Capital Assets

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

Governmental Activities	Balance June 30, 2018	Additions	Deletions	Adjustment s	Balance June 30, 2019
Capital assets not being depreciated:					
Land	\$ 9,300	\$ -	\$ -	\$ -	\$ 9,300
Total Capital Assets not being depreciated	<u>9,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,300</u>
Capital assets being depreciated:					
Buildings and Improvements	6,345,431	271,827	-	-	6,617,258
Equipment, Vehicles & Computers	<u>386,984</u>	<u>25,879</u>	<u>-</u>	<u>-</u>	<u>412,863</u>
Total Capital Assets being depreciated	<u>6,732,415</u>	<u>297,706</u>	<u>-</u>	<u>-</u>	<u>7,030,121</u>
Less: Accumulated Depreciation for:					
Buildings and Improvements	3,883,469	144,576	-	10,808	4,038,853
Equipment, Vehicles & Computers	<u>177,240</u>	<u>28,837</u>	<u>-</u>	<u>1,594</u>	<u>207,671</u>
Total Accumulated Depreciation	<u>4,060,709</u>	<u>173,413</u>	<u>-</u>	<u>12,402</u>	<u>4,246,524</u>
Total Capital Assets being Depreciated, Net	<u>2,671,706</u>	<u>124,293</u>	<u>-</u>	<u>(12,402)</u>	<u>2,783,597</u>
Capital Assets, Net	<u>\$ 2,681,006</u>	<u>#####</u>	<u>\$ -</u>	<u>\$ (12,402)</u>	<u>\$ 2,792,897</u>

Depreciation has been allocated to these functions in the following amounts:

<u>Allocated Depreciation Expense:</u>	<u>Amount</u>
Direct Instruction	\$ 26,308
Instructional Support	145,501
Food Services	<u>1,604</u>
Total	<u>\$ 173,413</u>

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 7: Accrued Compensated Absences

The following is a summary of the changes in compensated absences for the year ended June 30, 2019:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due Within One Year
Compensated Absences	\$ -	\$ 14,243	\$ 1,033	\$ 13,210	\$ 13,210
Total	\$ -	\$ 14,243	\$ 1,033	\$ 13,210	\$ 13,210

The compensated absences liability is shown on the statement of net position. The liability is expected to be retired within the year. Typically, the *General Fund* retires the compensated absences.

NOTE 8: Operating Leases

The District has the following lease, which can be terminated due to lack of funding with no penalty to the District:

- A lease with Anthony School Buses, LLC for fleet services / rental contract entered into on July 1, 2019, which requires 12 monthly payments. The lease expires on June 30, 2020.

The schedule of future lease payments is as follows:

Year Ending	Payments
2020	\$ 34,420
2021	-
2022	-
2023	-
2024	-
Total	\$ 34,420

NOTE 9: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injury to employees; and natural disasters. The New Mexico Public Schools Insurance Authority (NMSIA) was formed on April 5, 1985 under the New Mexico Public Schools Insurance Authority Act, Chapter 22, Section 2 of the New Mexico Statutes Annotated (NMSA 1978), as amended, as an insurance fund to provide health, disability, and life insurance coverage (benefits coverage), and property, casualty and workers' compensation insurance coverage (risk coverage) to participating public schools, school board members, public school employees, and retirees within the State of New Mexico. Participation in NMPSIA is mandatory for all K-12 public schools except those with enrollment exceeding 60,000 students.

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 9: Risk Management (continued)

Participation is voluntary for other public education institutions. The District pays an annual premium to the pool for its general insurance coverage. The agreement for formation of NMPSIA provides that the pool will be self-sustaining through member's premiums. NMPSIA establishes self-insured retentions by line of coverage and procures insurance or re-insurance, where indicated, in excess of the self-insured retention on a per occurrence basis. NMPSIA will publish its own financial report for the year ended June 30, 2019.

NOTE 10: Pension Plan

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

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

The Plan is considered a component unit of the State's financial reporting entity. 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 which is a pension benefit trust fund of the State of New Mexico. 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 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.

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

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

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

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 10: Pension Plan (continued)

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

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

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

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

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

Benefit Options - The Plan has three benefit options available.

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

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 10: Pension Plan (continued)

- *Option C - Joint 50% Survivor Benefit* - The single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the reduced 50% benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.

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

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

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

As of July 1, 2013, for current and future retirees the COLA is immediately reduced until the Plan is 100% funded. The COLA reduction is based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.8%. 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%.

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

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

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 10: Pension Plan (continued)

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

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

The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. For the fiscal year ended June 30, 2019, the District paid employer contributions of \$205,606, which equal the amount of the required contributions for the fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2019, the District reported a liability of \$4,202,396 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the Board on April 21, 2017. There were no other significant events of changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2018. Therefore, the employer's portion was established as of the measurement date of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions, actuarially determined.

At June 30, 2019, the District's proportion was 0.03534%, which was a decrease from its proportion measured as of June 30, 2018.

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 10: Pension Plan (continued)

For the year ended June 30, 2019, the District recognized pension expense of \$414,951. At June 30, 2019, District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,067	\$ 79,978
Net difference between projected and actual investment earnings on pension plan investments	9,303	-
Changes of assumptions	866,094	-
Changes in proportion and differences between District's contributions and proportionate share of contributions	-	221,144
District's contributions subsequent to the measurement date	<u>206,606</u>	<u>-</u>
Total	<u>\$ 1,085,070</u>	<u>\$ 301,122</u>

\$206,606 was reported as deferred outflows of resources related to pensions resulting from District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>Amount</u>
2020	\$ 391,578
2021	233,320
2022	(47,678)
2023	122
2024	-
Total	<u>\$ 577,342</u>

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 10: Pension Plan (continued)

Actuarial assumptions. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Salary Increases	Composition: 2.50% inflation plus .75% productivity increase rate, plus step-rate promotional increases for members with less than ten years of service
Investment Rate of Return	7.25%
Single Discount Rate	5.69%
Retirement Age	Experience table of rates based on age and service. Adopted by NMERB on April 21, 2017 in conjunction with the six-year experience study for the period ended June 30, 2016.
Mortality	<p>Healthy males: RP-2000 Combined Mortality Table with white collar adjustments, generational mortality improvements with Scale BB from the table's base year of 2000.</p> <p>Healthy females: GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with scale BB from the table's base year of 2012.</p>

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

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 NMERB, as of June 30, 2018.

Rate of Return – The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.); 2) application of key economic projections (inflation, real growth, dividends, etc.); and 3) structural themes (supply and demand imbalances, capital flows, etc.) developed for each major asset class.

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 10: Pension Plan (continued)

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

Sensitivity of the Net Pension Liability – The following table shows the sensitivity of the net pension liability to changes in the discount rate as of June 30, 2018. In particular, the table presents the District’s net pension liability 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	\$5,461,506	\$ 4,202,396	\$ 3,175,042

Asset Allocation Policy – NMERB has adopted a strategic Asset Allocation Plan, containing weights, ranges, and benchmarks for each asset class. Over time this strategy is expected to achieve NMERB’s assumed overall rate of return on Plan assets of 7.25 percent. Achieving the target weights is a long-term goal. In the short term, a particular asset position may represent an intermediate point in the process of attaining its target weight.

NMERB’s investment allocation policy was reviewed and amended by the Board of Trustees on August 26, 2016. 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 asset allocation policy adopted on August 26, 2016 as well as the prior allocation policy targets.

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 10: Pension Plan (continued)

Schedule of Target Investment Allocations

Asset Class	Allocation	Policy Target (1)
Equities		
Domestic Equities:		
Large Cap Equities	17%	16%
Small/Mid Cap Equities	3%	3%
Total Domestic Equities	20%	19%
International Equities:		
Developed	5%	5%
Emerging Markets	9%	9%
Total International Equities	14%	14%
Fixed Income		
Core Fixed Income	7%	6%
Opportunistic Credit	18%	18%
Emerging Market Debt	2%	2%
Total Fixed Income	27%	26%
Alternatives		
Global Asset Allocation	5%	4%
Risk Parity	5%	3%
Real Estate/ REITS	2%	7%
Private Equity	13%	13%
Real Assets	7%	8%
Other	6%	5%
Total Alternatives	38%	40%
Cash	1%	1%
Total	100%	100%

(1) Long-Term Policy approved by the ERB Board in August 2016.

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

Payables to the pension plan

At June 30, 2019, the District had no outstanding amount of contribution to the plan and therefore had no payables reported at fiscal year-end.

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 11: Postemployment Benefits Other Than Pensions

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

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

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

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

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

Contributions - Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee's salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer's participation in the Fund. Contributions to the Fund from the District was \$27,714 for the year ended June 30, 2019.

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 11: Postemployment Benefits Other Than Pensions (continued)

At June 30, 2019, the District reported a liability of \$1,018,820 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 actual contributions provided to the Fund for the year ending June 30, 2018. At June 30, 2018, the District's proportion was .02343 percent.

For the year ended June 30, 2019, the District recognized change in OPEB of (\$52,669). At June 30, 2019 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 60,321
Difference between actual and projected earnings on OPEB plan investments	-	12,714
Changes of Assumptions	-	190,209
Change in Proportion	-	116,140
Contributions made after the measurement date	27,714	-
Total	\$ 27,714	\$ 379,384

Deferred outflows of resources totaling \$27,714 represent District contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended	Amount
2020	\$ (91,491)
2021	(91,491)
2022	(91,491)
2023	(76,258)
2024	(28,653)
Total	\$ (379,384)

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 11: Postemployment Benefits Other Than Pensions (continued)

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

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB members 3.50% to 12.50%, based on years of service, including inflation
Projected payroll increases	
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 year for Non-Medicare medicl plan costs and 7.5% graded down to 4.5% over 12 years for Medicare medical plan costs
Mortality	ERB members: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females)

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Rate of Return</u>
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%

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 11: Postemployment Benefits Other Than Pensions (continued)

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 (3.87%) was applied. Thus 4.08% is the blended discount rate.

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

1% Decrease (3.08%)	Current Discount (4.08%)	1% Increase (5.08%)
\$ 1,233,012	\$ 1,018,820	\$ 849,988

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

1% Decrease	Current Trend Rates	1% Increase
\$ 861,260	\$ 1,018,820	\$ 1,142,350

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

Payable Changes in the Net OPEB Liability. At June 30, 2019, the District did not report a payable for outstanding contributions due to NMRHCA.

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 12: Other Required Individual Fund Disclosures

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

A. Deficit fund balance of individual funds:

- a. Fund 11000 - (\$12,097)
- b. Fund 27149 – (\$24,416)

B. Excess of expenditures over budget:

- a. Fund 11100 - \$173,683
- b. Fund 21000 - \$3,530
- c. Fund 25233 - \$18,475
- d. Fund 27114 - \$647
- e. Fund 27149 - \$45,216

C. Designated cash appropriations more than available balance:

- a. Fund 22000 - \$207

NOTE 13: 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 14: Concentrations

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

NOTE 15: Non-Cash Federal Assistance

The District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2019 was \$4,476.

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 16: Related Party Transactions

During fiscal year 2019, there were no related party transactions to disclose.

NOTE 17: Fiscal Agent Agreement

An agreement was entered with the Regional Education Cooperative No.6 (REC). The purpose of the agreement is to allow the submission of a consolidated application to the State Department of Education for certain funds granted to the State of New Mexico by the United States Department of Education under the Education of the Handicapped Act, Part B, PL 94-142 among others. There are ten schools that participate in the REC, they are Dora, Elida, Floyd, Fort Sumner, Grady, House, Logan, Melrose, San Jon, and Texico. The agreement became effective on July 1, 1995 and is to remain in effect until the end of any fiscal year during which the school gives notice of intent to terminate.

The financial statements for the REC were audited by another Independent Public Accountant (IPA). The audit report is available at the REC located at 1500 South Ave K, Station 9, Portales, New Mexico 88130.

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 18: Tax Abatements

The District has not negotiated any tax abatement agreements. The District is affected by tax abatements entered into by other entities as follows:

Agency number for Agency making the disclosure (Disclosing Agency)	5003
Disclosing Agency Name	Chaves County
Disclosing Agency Type	County Government
Tax Abatement Agreement Name	Industrial Revenue Bonds Project Agreement
Name of agency affected by abatement agreement (Affected Agency)	Elida Municipal Schools
Agency number of Affected Agency	7026
Agency type of Affected Agency	Public Schools
Tax Abatement Agreement Name	San Juan Mesa Wind Series 2005
Recipient(s) of tax abatement	San Juan Mesa Wind Farm
Tax abatement program (name and brief description)	Industrial Revenue Bonds
Specific Tax Being Abated	Property Tax
Authority under which abated tax is paid to Affected Agency	Industrial Revenue Bond Act, Section 4-59-1 to 4-59-16 NMSA 1978
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$15,366
If the Disclosing Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 18: Tax Abatements (continued)

Agency number for Agency making the disclosure (Abating Agency)	5022
Abating Agency Name	ROOSEVELT COUNTY, NEW MEXICO
Abating Agency Type	COUNTY GOVERNMENT-POLITICAL SUBDIVISION OF THE STATE OF NEW MEXICO
Tax Abatement Agreement Name	\$72,000,000 ROOSEVELT COUNTY, NEW MEXICO TAXABLE INDUSTRIAL REVENUE BONDS (MILO WIND PROJECT, LLC) SERIES 2015
Name of agency affected by abatement agreement (Affected Agency)	ELIDA PUBLIC SCHOOLS
Agency number of Affected Agency	7026
Agency type of Affected Agency	PUBLIC SCHOOLS
Recipient(s) of tax abatement	MILO WIND PROJECT, LLC, A DELAWARE LIMITED LIABILITY COMPANY
Tax abatement program (name and brief description)	NEW MEXICO CO INDUSTRIAL REVENUE BONDS
Specific Tax(es) Being Abated	PROPERTY TAX
Authority under which abated tax would have been paid to Affected Agency	COUNTY INDUSTRIAL REVENUE BOND ACT, NMSA 1978, SEC4-59-1 TO 16 (1975, AS AMENDED THROUGH 2015)
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$1,837.47
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	ROOSEVELT COUNTY \$75,000.00
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	NO OMISSIONS KNOWN

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 18: Tax Abatements (continued)

Agency number for Agency making the disclosure (Abating Agency)	5022
Abating Agency Name	ROOSEVELT COUNTY, NEW MEXICO
Abating Agency Type	COUNTY GOVERNMENT-POLITICAL SUBDIVISION OF THE STATE OF NEW MEXICO
Tax Abatement Agreement Name	ROOSEVELT COUNTY, NEW MEXICO AMENDED AND RESTATED TAXABLE INDUSTRIAL REVENUE BONDS (ROOSEVELT WIND PROJECT) SERIES 2014
Name of agency affected by abatement agreement (Affected Agency)	ELIDA MUNICIPAL SCHOOLS
Agency number of Affected Agency	7026
Agency type of Affected Agency	PUBLIC SCHOOLS
Recipient(s) of tax abatement	ROOSEVELT WIND PROJECT, LLC, A DELAWARE LIMITED LIABILITY COMPANY
Tax abatement program (name and brief description)	NEW MEXICO CO INDUSTRIAL REVENUE BONDS
Specific Tax(es) Being Abated	PROPERTY TAX
Authority under which abated tax would have been paid to Affected Agency	COUNTY INDUSTRIAL REVENUE BOND ACT, NMSA 1978, SEC4-59-1 TO 16 (1975, AS AMENDED THROUGH 2015)
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$10,628.64
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	ROOSEVELT COUNTY \$366,000.00
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	NO OMISSIONS KNOWN

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 18: Tax Abatements (continued)

Agency number for Agency making the disclosure (Abating Agency)	5022
Abating Agency Name	ROOSEVELT COUNTY, NEW MEXICO
Abating Agency Type	COUNTY GOVERNMENT-POLITICAL SUBDIVISION OF THE STATE OF NEW MEXICO
Tax Abatement Agreement Name	\$112,000,000 ROOSEVELT COUNTY, NEW MEXICO TAXABLE INDUSTRIAL REVENUE BOND (SAN JUAN MESA WIND PROJECT) SERIES 2005
Name of agency affected by abatement agreement (Affected Agency)	ELIDA MUNICIPAL SCHOOLS
Agency number of Affected Agency	7026
Agency type of Affected Agency	PUBLIC SCHOOLS
Recipient(s) of tax abatement	SAN JUAN MESA WIND PROJECT, LLC, A DELAWARE LIMITED LIABILITY COMPANY
Tax abatement program (name and brief description)	NEW MEXICO CO INDUSTRIAL REVENUE BONDS
Specific Tax(es) Being Abated	PROPERTY TAX
Authority under which abated tax would have been paid to Affected Agency	COUNTY INDUSTRIAL REVENUE BOND ACT, NMSA 1978, SEC4-59-1 TO 16 (1975, AS AMENDED THROUGH 2015)
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$11,047.15
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	\$144,500.00
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	NO OMISSIONS KNOWN

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 19: Restatement

There is a restatement of \$32,977 on the government-wide financial statements. This restatement was caused by the following items:

- To tie the ending accumulated depreciation balance per the June 30, 2018 audited Financial Statements to the beginning accumulated depreciation balance per the capital asset listing and depreciation schedule for the fiscal year ending June 30, 2019 provided by the District in the amount of \$12,402 in order to accurately reflect beginning balances.
- Tie the beginning of deferred outflows – pension related to prior year actuals in the amount of \$20,575.

NOTE 20: Subsequent Events

A review of subsequent events through May 11, 2020, which is the date the financial statements were available for issuance, revealed no significant subsequent events which require disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION
LIABILITY
EDUCATIONAL RETIREMENT BOARD
LAST 10 FISCAL YEARS***

	<u>2019</u>	<u>2018</u>	<u>2017</u>
The District's proportion of the net pension liability	0.035340%	0.038660%	0.039160%
The District's proportion of the net pension liability	\$ 4,202,396	\$ 4,296,467	\$ 2,818,123
The District's covered employee payroll	\$ 1,387,482	\$ 1,135,804	\$ 1,100,839
The District's proportionate share of the net pension liability as a percentage of its covered employee payroll	<u>302.88%</u>	<u>378.28%</u>	<u>256.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	71.47%	52.95%	61.58%
	<u>2016</u>	<u>2015</u>	
The District's proportion of the net pension liability	0.04027%	0.04005%	
The District's proportion of the net pension liability	\$ 2,608,395	\$ 2,228,081	
The District's covered employee payroll	\$ 1,099,500	\$ 1,076,261	
The District's proportionate share of the net pension liability as a percentage of its covered employee payroll	<u>237.23%</u>	<u>207.02%</u>	
Plan fiduciary net position as a percentage of the total pension liability	63.97%	66.54%	

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

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS – PENSION PLAN
EDUCATIONAL RETIREMENT BOARD
LAST 10 FISCAL YEARS***

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 246,462	\$ 157,877	\$ 153,016
Contributions in relation to the contractually required contribution	<u>192,860</u>	<u>157,877</u>	<u>153,016</u>
Contributions deficiency (excess)	\$ 53,602	\$ -	\$ -
The District's covered employee payroll	\$ 1,387,482	\$ 1,135,804	\$ 1,100,839
Contributions as a percentage of covered employee payroll	17.76%	13.90%	13.90%
	<u>2016</u>	<u>2015</u>	
Contractually required contribution	\$ 181,598	\$ 159,244	
Contributions in relation to the contractually required contribution	<u>159,111</u>	<u>159,244</u>	
Contributions deficiency (excess)	\$ 22,487	\$ -	
The District's covered employee payroll	\$ 1,099,500	\$ 1,076,261	
Contributions as a percentage of covered employee payroll	16.52%	14.80%	

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

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF POSTEMPLOYMENT
BENEFITS OTHER THAN PENSIONS
LAST 10 FISCAL YEARS***

	<u>2019</u>	<u>2018</u>
Employer's proportion of the net OPEB liability	0.02343%	0.02596%
Employer's proportionate share of the net OPEB liability	\$ 1,018,820	\$ 1,178,422
Employer covered employee payroll	\$ 1,005,292	\$ 1,150,687
Employer's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	101.35%	102.41%
Plan fiduciary net position as a percentage of the total OPEB liability	13.14%	11.34%

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

**STATE OF NEW MEXICO
 ELIDA MUNICIPAL SCHOOLS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS - POSTEMPLOYMENT BENEFITS
 OTHER THAN PENSIONS
 LAST 10 FISCAL YEARS***

	2019	2018
Contractually required contribution	\$ 36,613	\$ 21,633
Less: Contributions in relation to the contractually required contributions	<u>36,166</u>	<u>21,633</u>
	<u>\$ 447</u>	<u>\$ -</u>
Employer's covered employee payroll	\$ 1,005,292	\$ 1,081,626
Contributions as a percentage of covered employee payroll	3.60%	2.00%

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

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019**

Pension Plan

Changes of benefits terms and assumptions: 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.

OPEB Plan

Changes of benefits terms and assumptions: 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/4310380076d642ecb015117ae3cdbae8/NMRHCA_2018_OPEB_Allocation_Audit.pdf

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
COMBINED BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
AS OF JUNE 30, 2019**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Nonmajor Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 4,610	\$ 4,216	\$ 10,666	\$ 19,492
Receivables:				
Property Taxes	-	-	-	-
Due From Other Governments	61,660	23,424	-	85,084
Inventory	738	-	-	738
Total Assets	<u>\$ 67,008</u>	<u>\$ 27,640</u>	<u>\$ 10,666</u>	<u>\$ 105,314</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Cash Overdraft	\$ 82,906	\$ 23,424	\$ -	\$ 106,330
Accounts Payable	-	-	-	-
Total Liabilities	<u>82,906</u>	<u>23,424</u>	<u>-</u>	<u>106,330</u>
FUND BALANCES				
Nonspendable:				
Inventories	738	-	-	738
Spendable				
Restricted for:				
Special Revenue	7,777	-	-	7,777
Capital Projects	-	4,216	-	4,216
Debt Service	-	-	10,666	10,666
Unassigned	(24,413)	-	-	(24,413)
Total Fund Balances	<u>(15,898)</u>	<u>4,216</u>	<u>10,666</u>	<u>(1,016)</u>
Total Liabilities and Fund Balances	<u>\$ 67,008</u>	<u>\$ 27,640</u>	<u>\$ 10,666</u>	<u>\$ 105,314</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Nonmajor Funds</u>
REVENUES:				
Taxes	\$ -	\$ -	\$ 23	\$ 23
Charges for Services	34,070	-	-	34,070
Local Sources	-	-	-	-
State Sources	85,815	3,957	-	89,772
Federal Sources	153,785	-	-	153,785
Earnings From Investments	-	-	-	-
Other	4,820	19,467	-	24,287
Donations	100	-	-	100
Total Revenues	<u>278,590</u>	<u>23,424</u>	<u>23</u>	<u>302,037</u>
EXPENDITURES:				
Current:				
Direct Instruction	218,842	-	-	218,842
Instructional Support	8,782	20,102	-	28,884
Food Services	78,547	-	-	78,547
Capital Outlay	-	-	-	-
Total Expenditures	<u>306,171</u>	<u>20,102</u>	<u>-</u>	<u>326,273</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(27,581)</u>	<u>3,322</u>	<u>23</u>	<u>(24,236)</u>
Other Financing Sources and Financing Uses:				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources and Financing Uses:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(27,581)	3,322	23	(24,236)
Fund Balance at Beginning of Year	11,683	894	10,643	23,220
Fund Balance at End of Year	<u>\$ (15,898)</u>	<u>\$ 4,216</u>	<u>\$ 10,666</u>	<u>\$ (1,016)</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NON-MAJOR SPECIAL REVENUE FUND DESCRIPTIONS
FOR THE YEAR ENDED JUNE 30, 2019**

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

FOOD SERVICES (Fund 21000)

This program provides financing for the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, Public Law 79-396, Sections 2-12, 60, Stat. 230, 42 U.S.C 1751 et seq.; 80 stat. 889, as amended; 84 stat. 270; and the Child Nutrition Act of 1966, as amended, Sections 4 and 10. Public Law 89-642, 80 stat. 886, 889, 42 U.S.C 1773, 1779; Public Law 99-591, 100 stat. 3341; Public Law 100-71 stat. 430.

ATHLETICS (22000)

This fund provides financing for school athletic activities. Funding is provided by fees from patrons. The authority for creation of this fund is 6.20.2 NMAC.

PRESCHOOL IDEA-B (24109)

To enhance special education for the handicapped children from ages 3 to 5. The program is funded by the U.S. government under the Individuals with Disabilities Act, part B, section 619, as amended. Public Laws 94-142, 99-457, 100-630, 101-947 and 101-476. The fund was created by the authority of federal grant provisions.

EXCELLENCE IN TEACHING (27125)

The funding under the Excellence in Teaching Awards must be used solely for salary supplements for teachers. Funded by NM Public Education Department, Special Appropriation Fund.

TEACHER PRINCIPAL RECRUITING (24154)

The purpose of this fund is to improve the skills of teachers and the quality of instruction in mathematics and science and to increase the accessibility of such instruction to all students. Authority for creation of this fund is Title II of the Elementary and Secondary Education Act of 1965 as amended, Public Law 103-382.

GO BOND STUDENT LIBRARY (27107)

This award allows schools to acquire library books, equipment and library resources for public school library resources for public school libraries statewide. The funding was made available through Senate Bill 66, Laws of 2012, 2nd Session, 2012 Senate and House Bill.

TITLE IV – STUDENT SUPPORT AND ACADEMIC ENRICHMENT (24189)

To account for a Federal grant - Title IV Student Support and Academic Enrichment Grants - awarded through the Public Education Department. Authorized by the School Board and the New Mexico Public Education Department. No minimum balance required according to legislation.

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NON-MAJOR SPECIAL REVENUE FUND DESCRIPTIONS
FOR THE YEAR ENDED JUNE 30, 2019**

TITLE I IASA FUND (24101)

To account for a program funded by a Federal grant to supplement the regular instructional program for educationally deprived students. Funding authorized by the Elementary and Secondary Act of 1965, Chapter I of Title I, as amended, Public Laws 100-297, 20 U.S.C. 2701. The fund was created by the authority of federal grant provisions.

RECRUITMENT SUPPORT FUND (27128)

The funding under this award must be used for teacher recruitment efforts such as signing bonuses for new teachers, covering the costs of travel to a recruiting/hiring event, updates to your district website with regard to recruitment, or the cost of placing advertisements in a newspaper or external website.

PRE-K INITIATIVE (27149)

To account for monies received from the State of New Mexico to be used to provide direct services to 4-year-old children in Pre-Kindergarten.

STEM TEACHER INITIATIVE (27195)

The objective of this program is to provide training for teachers in Science, Technology, Engineering and Math. Funding is provided by the New Mexico Public Education Department. No minimum balance required according to legislation.

RURAL EDUCATION ACHIEVEMENT (25233)

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

NM GROWN FRESH FRUITS AND VEGETABLES (27183)

To account for funds provided by the New Mexico Public Education Department to purchase New Mexico locally grown fresh fruits and vegetables for school meal programs.

2009 DUAL CREDIT INSTRUCTIONAL MATERIALS (27103)

To account for funds received from House Bill 2, 2009, for dual credit instructional materials for courses approved by HED and through a college or university with approved programs.

ENTITLEMENT IDEA-B (24106)

The Entitlement IDEA-B program is to provide grants to states that flow through to schools, to assist them in providing free, appropriate public education to all children with disabilities. The program is funded by the United States government, under the Individuals with Disabilities Education Act, Part B, Section 611-617, and part D, Section 619, as amended, 20 U.S.C. 1711-1417 and 1420.

NEW MEXICO READS TO LEAD (27114)

To account for resources received to provide funds to support a reading K-3 formative assessment system providing regional and district reading coaches, supports for intervention, and professional administrators. Financing and authority are a special legislative appropriation, Laws of 2014, Chapter 63, Section 4, Item 1, Early Reading Initiative.

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
AS OF JUNE 30, 2019**

	<u>Food Services</u>	<u>Athletics</u>	<u>Preschool IDEA-B</u>	<u>Excellence in Teaching</u>
ASSETS				
Cash and Temporary Investments	\$ 1,020	\$ 3,590	\$ -	\$ -
Receivables:				
Property Taxes	-	-	-	-
Due From Other Governments	3,167	-	-	-
Inventory	738	-	-	-
Total Assets	<u>\$ 4,925</u>	<u>\$ 3,590</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Cash Overdraft	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable:				
Inventories	738	-	-	-
Spendable				
Restricted for:				
Special Revenue	4,187	3,590	-	-
Capital Projects	-	-	-	-
Debt Service	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>4,925</u>	<u>3,590</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 4,925</u>	<u>\$ 3,590</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (continued)
AS OF JUNE 30, 2019**

	Teacher Principal Recruiting	GO Bond 2012	Title IV	Title I IASA
ASSETS				
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -
Receivables:				
Property Taxes	-	-	-	-
Due From Other Governments	1,716	-	2,919	14,025
Inventory	-	-	-	-
Total Assets	\$ 1,716	\$ -	\$ 2,919	\$ 14,025
LIABILITIES AND FUND BALANCES				
Liabilities				
Cash Overdraft	\$ 1,716	\$ -	\$ 2,919	\$ 14,025
Accounts Payable	-	-	-	-
Total Liabilities	1,716	-	2,919	14,025
FUND BALANCES				
Nonspendable:				
Inventories	-	-	-	-
Spendable				
Restricted for:				
Special Revenue	-	-	-	-
Capital Projects	-	-	-	-
Debt Service	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	-	-	-	-
Total Liabilities and Fund Balances	\$ 1,716	\$ -	\$ 2,919	\$ 14,025

See Independent Auditors' Report

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (continued)
AS OF JUNE 30, 2019**

	<u>Recruitment Support Fund</u>	<u>Pre-K Program</u>	<u>STEM</u>
ASSETS			
Cash and Cash Equivalents	\$ -	\$ -	\$ -
Receivables:			
Property Taxes	-	-	-
Due From Other Governments	-	-	-
Inventory	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Cash Overdraft	\$ -	\$ 24,413	\$ -
Accounts Payable	-	-	-
Total Liabilities	<u>-</u>	<u>24,413</u>	<u>-</u>
FUND BALANCES			
Nonspendable:			
Inventories	-	-	-
Spendable			
Restricted for:			
Special Revenue	-	-	-
Capital Projects	-	-	-
Debt Service	-	-	-
Unassigned	-	(24,413)	-
Total Fund Balances	<u>-</u>	<u>(24,413)</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET (continued)
AS OF JUNE 30, 2019**

	<u>Rural Education Achievement</u>	<u>NM Grown Fresh Fruits & Vegetables</u>	<u>2009 Dual CR IM/HB2</u>	<u>Entitlement IDEA-B</u>	<u>NM Reads to Lead</u>	<u>Total Nonmajor Special Revenue Funds</u>
ASSETS						
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,610
Receivables:						
Property Taxes	-	-	-	-	-	-
Due From Other Governments	-	797	297	17,334	21,405	61,660
Inventory	-	-	-	-	-	738
Total Assets	<u>\$ -</u>	<u>\$ 797</u>	<u>\$ 297</u>	<u>\$ 17,334</u>	<u>\$ 21,405</u>	<u>\$ 67,008</u>
LIABILITIES AND FUND BALANCE						
Liabilities:						
Cash Overdraft	\$ -	\$ 797	\$ 297	\$ 17,334	\$ 21,405	\$ 82,906
Accounts Payable	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>797</u>	<u>297</u>	<u>17,334</u>	<u>21,405</u>	<u>82,906</u>
Fund Balance:						
Nonspendable:						
Inventories	-	-	-	-	-	738
Spendable						
Restricted for:						
Special Revenue	-	-	-	-	-	7,777
Capital Projects	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Unassigned	-	-	-	-	-	(24,413)
Total Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,898)</u>
Total Liabilities and Fund Balance	<u>\$ -</u>	<u>\$ 797</u>	<u>\$ 297</u>	<u>\$ 17,334</u>	<u>\$ 21,405</u>	<u>\$ 67,008</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Food Services</u>	<u>Athletics</u>	<u>Preschool IDEA-B</u>	<u>Excellence in Teaching</u>
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for Services	17,674	16,396	-	-
Local Sources	-	-	-	-
State Sources	-	-	-	26,895
Federal Sources	54,028	-	1,947	-
Earnings From Investments	-	-	-	-
Other	-	-	-	-
Donations	-	100	-	-
Total Revenues	<u>71,702</u>	<u>16,496</u>	<u>1,947</u>	<u>26,895</u>
EXPENDITURES:				
Current:				
Direct Instruction	-	16,609	1,947	26,895
Instructional Support	-	-	-	-
Food Services	78,547	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>78,547</u>	<u>16,609</u>	<u>1,947</u>	<u>26,895</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(6,845)</u>	<u>(113)</u>	<u>-</u>	<u>-</u>
Other Financing Sources and Financing Uses:				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources and Financing Uses:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(6,845)	(113)	-	-
Fund Balance at Beginning of Year	11,770	3,703	-	-
Fund Balance at End of Year	<u>\$ 4,925</u>	<u>\$ 3,590</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (continued)
FOR THE YEAR ENDED JUNE 30, 2019**

	Teacher Principal Recruiting	GO Bond 2012	Title IV	Title I IASA
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-
Local Sources	-	-	-	-
State Sources	-	-	-	-
Federal Sources	1,716	-	8,411	24,722
Earnings From Investments	-	-	-	-
Other	-	4,820	-	-
Donations	-	-	-	-
Total Revenues	<u>1,716</u>	<u>4,820</u>	<u>8,411</u>	<u>24,722</u>
EXPENDITURES:				
Current:				
Direct Instruction	1,716	-	621	24,806
Instructional Support	-	-	7,789	-
Food Services	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>1,716</u>	<u>-</u>	<u>8,410</u>	<u>24,806</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>4,820</u>	<u>1</u>	<u>(84)</u>
Other Financing Sources and Financing Uses:				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources and Financing Uses:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	4,820	1	(84)
Fund Balance at Beginning of Year	-	(4,820)	(1)	84
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (continued)
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Recruitment Support Fund</u>	<u>Pre-K Program</u>	<u>STEM</u>
REVENUES:			
Taxes	\$ -	\$ -	\$ -
Charges for Services	-	-	-
Local Sources	-	-	-
State Sources	-	19,580	283
Federal Sources	-	-	-
Earnings From Investments	-	-	-
Other	-	-	-
Donations	-	-	-
Total Revenues	<u>-</u>	<u>19,580</u>	<u>283</u>
EXPENDITURES:			
Current:			
Direct Instruction	-	45,216	-
Instructional Support	-	-	-
Food Services	-	-	-
Capital Outlay	-	-	-
Total Expenditures	<u>-</u>	<u>45,216</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(25,636)</u>	<u>283</u>
Other Financing Sources and Financing Uses:			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources and Financing Uses:	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	(25,636)	283
Fund Balance at Beginning of Year	-	1,223	(283)
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ (24,413)</u>	<u>\$ -</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NON-MAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (continued)
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Rural Education Achievement</u>	<u>NM Grown Fresh Fruits & Vegetables</u>	<u>2009 Dual CR IM/HB2</u>	<u>Entitlement IDEA-B</u>	<u>NM Reads to Lead</u>	<u>Total Nonmajor Special Revenue Funds</u>
REVENUES:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-	-	34,070
Local Sources	-	-	-	-	-	-
State Sources	-	993	1,442	-	36,622	85,815
Federal Sources	19,275	-	-	43,686	-	153,785
Earnings From Investments	-	-	-	-	-	-
Other	-	-	-	-	-	4,820
Donations	-	-	-	-	-	100
Total Revenues	<u>19,275</u>	<u>993</u>	<u>1,442</u>	<u>43,686</u>	<u>36,622</u>	<u>278,590</u>
EXPENDITURES:						
Current:						
Direct Instruction	18,475	-	1,442	43,718	37,397	218,842
Instructional Support	-	993	-	-	-	8,782
Food Services	-	-	-	-	-	78,547
Capital Outlay	-	-	-	-	-	-
Total Expenditures	<u>18,475</u>	<u>993</u>	<u>1,442</u>	<u>43,718</u>	<u>37,397</u>	<u>306,171</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>800</u>	<u>-</u>	<u>-</u>	<u>(32)</u>	<u>(775)</u>	<u>(27,581)</u>
Other Financing Sources and Financing Uses:						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources and Financing Uses:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	800	-	-	(32)	(775)	(27,581)
Fund Balance at Beginning of Year	(800)	-	-	32	775	11,683
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (15,898)</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NON-MAJOR CAPITAL PROJECTS FUND DESCRIPTIONS
FOR THE YEAR ENDED JUNE 30, 2019**

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The District has the following separate funds classified as Capital Projects Funds:

Bond Building Fund – (31100)

The revenues are derived from a School Building Bond Issue. The expenditures are restricted to major capital improvements.

Special Capital Outlay - Local – (31300)

The revenues are derived from local donations. The expenditures are restricted to major capital improvements on the gym.

Special Capital Outlay - State (31400)

To account for special appropriation monies received from the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of upgrading Corona Public School facilities.

(Capital Improvements) SB-9 (31700)

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

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
AS OF JUNE 30, 2019**

	<u>Bond Building</u>	<u>Special Capital Outlay Local</u>	<u>Special Capital Outlay State</u>	<u>SB-9 State</u>	<u>Total</u>
ASSETS					
Cash and Cash Equivalents	\$ 2,616	\$ 1,600	\$ -	\$ -	\$ 4,216
Receivables:					
Property Taxes	-	-	-	-	-
Due From Other Governments	-	-	3,957	19,467	23,424
Inventory	-	-	-	-	-
Total Assets	<u>\$ 2,616</u>	<u>\$ 1,600</u>	<u>\$ 3,957</u>	<u>\$ 19,467</u>	<u>\$ 27,640</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Cash Overdraft	\$ -	\$ -	\$ 3,957	\$ 19,467	\$ 23,424
Accounts Payable	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>3,957</u>	<u>19,467</u>	<u>23,424</u>
Fund Balance:					
Nonspendable:					
Inventories	-	-	-	-	-
Spendable					
Restricted for:					
Special Revenue	-	-	-	-	-
Capital Projects	2,616	1,600	-	-	4,216
Debt Service	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balance	<u>2,616</u>	<u>1,600</u>	<u>-</u>	<u>-</u>	<u>4,216</u>
Total Liabilities and Fund Balance	<u>\$ 2,616</u>	<u>\$ 1,600</u>	<u>\$ 3,957</u>	<u>\$ 19,467</u>	<u>\$ 27,640</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	Bond Building	Special Capital Outlay Local	Special Capital Outlay State	SB-9 State	Total
REVENUES:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-	-
Local Sources	-	-	-	-	-
State Sources	-	-	3,957	-	3,957
Federal Sources	-	-	-	-	-
Earnings From Investments	-	-	-	-	-
Other	-	-	-	19,467	19,467
Donations	-	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>3,957</u>	<u>19,467</u>	<u>23,424</u>
EXPENDITURES:					
Current:					
Direct Instruction	-	-	-	-	-
Instructional Support	-	-	3,957	16,145	20,102
Food Services	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>3,957</u>	<u>16,145</u>	<u>20,102</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,322</u>	<u>3,322</u>
Other Financing Sources and Financing Uses:					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources and Financing Uses:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	3,322	3,322
Fund Balance at Beginning of Year	2,616	1,600	-	(3,322)	894
Fund Balance at End of Year	<u>\$ 2,616</u>	<u>\$ 1,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,216</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
NON-MAJOR DEBT SERVICE FUND DESCRIPTIONS
FOR THE YEAR ENDED JUNE 30, 2019**

Debt Service Funds are used to account for resources for and the payment of general long-term debt principal interest, and related costs.

Debt Service (41000)

To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The resources of this fund are generated by a tax levy based upon property values.

Educational Technology Debt Service (43000)

The fund is used to account for the resources for, and the payment of, principal, interest, and related cost.

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET
NON-MAJOR DEBT SERVICE FUNDS
AS OF JUNE 30, 2019**

	<u>Debt Services Fund</u>	<u>Ed Tech</u>	<u>Total Debt Services Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 10,441	\$ 225	\$ 10,666
Receivables:			
Property Taxes	-	-	-
Due From Other Governments	-	-	-
Inventory	-	-	-
Total Assets	<u>\$ 10,441</u>	<u>\$ 225</u>	<u>\$ 10,666</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Cash Overdraft	\$ -	\$ -	\$ -
Accounts Payable	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:			
Nonspendable:			
Inventories	-	-	-
Spendable			
Restricted For:			
Special Revenue	-	-	-
Capital Projects	-	-	-
Debt Service	10,441	225	10,666
Unassigned	-	-	-
Total Fund Balance	<u>10,441</u>	<u>225</u>	<u>10,666</u>
Total Liabilities and Fund Balance	<u>\$ 10,441</u>	<u>\$ 225</u>	<u>\$ 10,666</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Debt Services</u>	<u>Ed Tech</u>	<u>Total</u>
REVENUES:			
Taxes	\$ 23	\$ -	\$ 23
Charges for Services	-	-	-
Local Sources	-	-	-
State Sources	-	-	-
Federal Sources	-	-	-
Earnings From Investments	-	-	-
Other	-	-	-
Donations	-	-	-
Total Revenues	<u>23</u>	<u>-</u>	<u>23</u>
EXPENDITURES:			
Current:			
Direct Instruction	-	-	-
Instructional Support	-	-	-
Food Services	-	-	-
Capital Outlay	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>23</u>	<u>-</u>	<u>23</u>
Other Financing Sources and Financing Uses:			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources and Financing Uses:	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	23	-	23
Fund Balance at Beginning of Year	10,418	225	10,643
Fund Balance at End of Year	<u>\$ 10,441</u>	<u>\$ 225</u>	<u>\$ 10,666</u>

See Independent Auditors' Report

GENERAL FUND

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
COMBINING BALANCE SHEET
GENERAL FUND
AS OF JUNE 30, 2019**

	General Fund				
	Operational	Teacherage	Pupil Transportation	Instructional Materials	Total General Fund
ASSETS					
Cash and Cash Equivalents	\$ -	\$ 6,876	\$ -	\$ 3,929	\$ 10,805
Receivables:					
Property Taxes	46	-	-	-	46
Due From Other Governments	-	-	-	949	949
Inventory	-	-	-	-	-
Total Assets	<u>\$ 46</u>	<u>\$ 6,876</u>	<u>\$ -</u>	<u>\$ 4,878</u>	<u>\$ 11,800</u>
BALANCES					
Liabilities					
Cash Overdraft	\$ 5,196	\$ -	\$ -	\$ -	\$ 5,196
Accounts Payable	6,947	-	-	-	6,947
Total Liabilities	<u>12,143</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,143</u>
FUND BALANCES					
Nonspendable:					
Inventories	-	-	-	-	-
Spendable					
Restricted for:					
Special Revenue	-	-	-	-	-
Capital Projects	-	-	-	-	-
Debt Service	-	-	-	-	-
Unassigned	(12,097)	6,876	-	4,878	(343)
Total Fund Balances	<u>(12,097)</u>	<u>6,876</u>	<u>-</u>	<u>4,878</u>	<u>(343)</u>
Balances	<u>\$ 46</u>	<u>\$ 6,876</u>	<u>\$ -</u>	<u>\$ 4,878</u>	<u>\$ 11,800</u>

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
GENERAL FUND
FOR THE YEAR ENDING JUNE 30, 2019**

	General				Total General Fund
	Operational	Teacherage	Pupil Transportation	Instructional Materials	
REVENUES:					
Taxes	\$ 12,515	\$ -	\$ -	\$ -	\$ 12,515
Charges for Services	12,825	10,300	-	-	23,125
Local Sources	-	-	-	-	-
State Sources	1,927,113	-	215,337	5,463	2,147,913
Federal Sources	-	-	-	-	-
Earnings from Investments	-	-	-	-	-
Other	77	-	-	-	77
Donations	20,000	-	-	-	20,000
Total Revenues	<u>1,972,530</u>	<u>10,300</u>	<u>215,337</u>	<u>5,463</u>	<u>2,203,630</u>
EXPENDITURES:					
Current:					
Direct Instruction	1,214,986	-	-	4,818	1,219,804
Instructional Support	847,620	4,767	215,187	-	1,067,574
Food Services	-	-	-	-	-
Capital Outlay	20,000	-	-	-	20,000
TOTAL EXPENDITURES	<u>2,082,606</u>	<u>4,767</u>	<u>215,187</u>	<u>4,818</u>	<u>2,307,378</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(110,076)</u>	<u>5,533</u>	<u>150</u>	<u>645</u>	<u>(103,748)</u>
Other Financing Sources and Financing Uses:					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
Total Other Financing Sources and Financing Uses:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(110,076)	5,533	150	645	(103,748)
Fund Balance at Beginning of Year	<u>97,979</u>	<u>1,343</u>	<u>(150)</u>	<u>4,233</u>	<u>103,405</u>
Fund Balance at End of Year	<u>\$ (12,097)</u>	<u>\$ 6,876</u>	<u>\$ -</u>	<u>\$ 4,878</u>	<u>\$ (343)</u>

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
OPERATIONAL FUND (11000)
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDING JUNE 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:				
Taxes	\$ 10,763	\$ 10,763	\$ 12,414	\$ 1,651
Charges for Services	-	-	12,880	12,880
Local Sources	-	-	-	-
State Sources	1,772,045	1,772,045	1,973,639	201,594
Federal Sources	-	-	-	-
Earnings from Investments	-	-	-	-
Other	-	-	77	77
Donations	-	-	20,000	20,000
Total Revenues	<u>1,782,808</u>	<u>1,782,808</u>	<u>2,019,010</u>	<u>236,202</u>
EXPENDITURES:				
Current:				
Direct Instruction	1,136,856	1,136,856	1,212,959	(76,103)
Instructional Support	765,120	765,120	842,700	(77,580)
Food Services	-	-	-	-
Other	-	-	-	-
Capital Outlay	-	-	20,000	(20,000)
Total Expenditures	<u>1,901,976</u>	<u>1,901,976</u>	<u>2,075,659</u>	<u>(173,683)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(119,168)</u>	<u>(119,168)</u>	<u>(56,649)</u>	<u>62,519</u>
Other Financing Sources and Financing Uses:				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources and Financing Uses:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(119,168)	(119,168)	(56,649)	62,519
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	<u>\$ (119,168)</u>	<u>\$ (119,168)</u>	<u>\$ (56,649)</u>	<u>\$ 62,519</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Revenues - Budgetary Basis			\$ 2,019,010	
Revenues - Modified Accrual Basis			<u>1,972,530</u>	
Adjustments to Revenues for Taxes and Intergovernmental Revenues			<u>\$ 46,480</u>	
Expenditures - Budgetary Basis			\$ 2,075,659	
Expenditures - Modified Accrual Basis			<u>2,082,606</u>	
Adjustments to Expenditures for Supplies and Payroll Expense			<u>\$ (6,947)</u>	

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
TEACHERAGE FUND (12000)
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDING JUNE 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for Services	12,000	12,000	10,300	(1,700)
Local Sources	-	-	-	-
State Sources	-	-	-	-
Federal Sources	-	-	-	-
Earnings from Investments	-	-	-	-
Other	-	-	-	-
Donations	-	-	-	-
Total Revenues	<u>12,000</u>	<u>12,000</u>	<u>10,300</u>	<u>(1,700)</u>
EXPENDITURES:				
Current:				
Direct Instruction	-	-	-	-
Instructional Support	12,000	12,000	5,641	6,359
Food Services	-	-	-	-
Other	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>12,000</u>	<u>12,000</u>	<u>5,641</u>	<u>6,359</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>4,659</u>	<u>4,659</u>
Other Financing Sources and Financing Uses:				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources and Financing Uses:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	4,659	4,659
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,659</u>	<u>\$ 4,659</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Revenues - Budgetary Basis			\$ 10,300	
Revenues - Modified Accrual Basis			<u>10,300</u>	
Adjustments to Revenues for Taxes and Intergovernmental Revenues			<u>\$ -</u>	
Expenditures - Budgetary Basis			\$ 5,641	
Expenditures - Modified Accrual Basis			<u>4,767</u>	
Adjustments to Expenditures for Supplies and Payroll Expense			<u>\$ 874</u>	

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
PUPIL TRANSPORTATION FUND (13000)
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDING JUNE 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-
Local Sources	-	-	-	-
State Sources	215,337	215,337	215,337	-
Federal Sources	-	-	-	-
Earnings from Investments	-	-	-	-
Other	-	-	-	-
Donations	-	-	-	-
Total Revenues	<u>215,337</u>	<u>215,337</u>	<u>215,337</u>	<u>-</u>
EXPENDITURES:				
Current:				
Direct Instruction	-	-	-	-
Instructional Support	215,337	215,337	215,187	150
Food Services	-	-	-	-
Other	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>215,337</u>	<u>215,337</u>	<u>215,187</u>	<u>150</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>150</u>	<u>150</u>
Other Financing Sources and Financing Uses:				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources and Financing Uses:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	150	150
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150</u>	<u>\$ 150</u>

Reconciliation of Budgetary Basis to GAAP Basis:

Revenues - Budgetary Basis	\$ 215,337
Revenues - Modified Accrual Basis	<u>215,337</u>
Adjustments to Revenues for Taxes and Intergovernmental Revenues	<u>\$ -</u>
Expenditures - Budgetary Basis	\$ 215,187
Expenditures - Modified Accrual Basis	<u>215,187</u>
Adjustments to Expenditures for Supplies and Payroll Expense	<u>\$ -</u>

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
INSTRUCTIONAL FUND (14000)
STATEMENT OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDING JUNE 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	-	-
Local Sources	-	-	-	-
State Sources	4,514	4,514	4,514	-
Federal Sources	-	-	-	-
Earnings from Investments	-	-	-	-
Other	-	-	-	-
Donations	-	-	-	-
Total Revenues	<u>4,514</u>	<u>4,514</u>	<u>4,514</u>	<u>-</u>
EXPENDITURES:				
Current:				
Direct Instruction	8,747	8,747	4,818	3,929
Instructional Support	-	-	-	-
Food Services	-	-	-	-
Other	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	<u>8,747</u>	<u>8,747</u>	<u>4,818</u>	<u>3,929</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,233)</u>	<u>(4,233)</u>	<u>(304)</u>	<u>3,929</u>
Other Financing Sources and Financing Uses:				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources and Financing Uses:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(4,233)	(4,233)	(304)	3,929
Fund Balance at Beginning of Year	-	-	-	-
Fund Balance at End of Year	<u>\$ (4,233)</u>	<u>\$ (4,233)</u>	<u>\$ (304)</u>	<u>\$ 3,929</u>
Reconciliation of Budgetary Basis to GAAP Basis:				
Revenues - Budgetary Basis			\$ 4,514	
Revenues - Modified Accrual Basis			<u>5,463</u>	
Adjustments to Revenues for Taxes and Intergovernmental Revenues			<u>\$ (949)</u>	
Expenditures - Budgetary Basis			\$ 4,818	
Expenditures - Modified Accrual Basis			<u>4,818</u>	
Adjustments to Expenditures for Supplies and Payroll Expense			<u>\$ -</u>	

SUPPLEMENTARY SCHEDULES

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
AGENCY FUNDS
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES – AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

Agency Fund	Balance 6/30/2018	Additions	Deletions	Balance 6/30/2019
Assets				
Cash and Cash Equivalents	\$ 38,765	\$ 65,040	\$ 54,168	\$ 49,637
Total Assets	<u>\$ 38,765</u>	<u>\$ 65,040</u>	<u>\$ 54,168</u>	<u>\$ 49,637</u>
Liabilities				
Deposits Held for Others	\$ 38,765	\$ 65,040	\$ 54,168	\$ 49,637
Total Liabilities	<u>\$ 38,765</u>	<u>\$ 65,040</u>	<u>\$ 54,168</u>	<u>\$ 49,637</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
AGENCY FUNDS
DETAILED SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES –
ALL AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

Function No.	Title	Beginning Balance	Increases	Decreases	Ending Balance
23101	Annual	\$ 3,680	\$ 6,022	\$ 4,215	\$ 5,487
23102	Art	135	-	-	135
23103	Boys Basketball	2,336	6,075	2,954	5,457
23104	Baseball	5,278	3,376	4,097	4,557
23105	Cheerleaders	880	518	966	432
23106	Volleyball	-	485	483	2
23108	Golden Apple Grant	772	-	-	772
23109	FCCLA	2,456	-	-	2,456
23110	FFA	3,063	13,047	8,568	7,542
23111	Girls Basketball	1,608	4,400	5,889	119
23112	Greenhouse	996	7,525	5,514	3,007
23113	Miscellaneous	2,446	6,468	6,879	2,035
23114	National Honor Society	2,146	3,365	3,246	2,265
23116	Athletics - General	-	3,235	3,235	-
23117	Scholarship	6,627	2,312	2,251	6,688
23119	Student Council	185	-	99	86
23120	EPAC	939	536	1,291	184
23121	Elementary Greenhouse	-	1,110	526	584
23123	Football	2,020	1,342	1,649	1,713
23125	Track	31	-	-	31
23502	Math Activity	-	100	-	100
23503	Class of 2024	-	713	-	713
23509	Class of 2017	25	-	-	25
23510	Class of 2018	438	-	438	-
23511	Class of 2019	582	-	151	431
23512	Class of 2020	1,601	1,050	1,717	934
23513	Class of 2021	251	2,684	-	2,935
23514	Class of 2022	135	400	-	535
23515	Class of 2023	135	277	-	412
	Total	<u>\$ 38,765</u>	<u>\$ 65,040</u>	<u>\$ 54,168</u>	<u>\$ 49,637</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY
FOR PUBLIC FUNDS
JUNE 30, 2019**

Name of Depository	Description of Pledged Collateral	CUSIP	Quantity	Fair / Par Market Value at June 30, 2019	Name and Location of Safekeeper
The James Polk Stone Community Bank	FHLB QTRLY CALL	3130A8F65	6/30/2031	\$ 98,778	The Independent BankersBank (TIB)
The James Polk Stone Community Bank	FHLB QTRLY CALL	3130AAF60	12/30/2031	200,000	The Independent BankersBank (TIB)
The James Polk Stone Community Bank	DONA ANA BRANCH CMNTY CLG NM GO	257578EL4	8/1/2028	51,855	The Independent BankersBank (TIB)
The James Polk Stone Community Bank	CITIBANK CD	17312QM48	6/6/2023	251,543	The Independent BankersBank (TIB)
Total Pledged Collateral				<u>\$ 602,176</u>	

See Independent Auditors' Report

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS
JUNE 30, 2019**

Bank Account Type	Amount
Checking - Operational	\$ 204,676
Checking - Windfarm	312,089
Checking - Activity Funds	51,346
Total on Deposit	568,111
Less: Reconciling Items	(187,483)
Reconciled Balance, June 30, 2019	380,628
Less: Petty Cash	50
Less: Fiduciary Funds Cash	(49,637)
Cash per Statement of Net Position	\$ 331,041

See Independent Auditors' Report

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
SCHEDULE OF CASH RECONCILIATIONS
JUNE 30, 2019**

	<u>Operational</u>	<u>Teacherage</u>	<u>Pupil Transportation</u>	<u>Instructional Materials</u>
Cash, June 30, 2018	\$ 51,453	\$ 2,217	\$ (150)	\$ 4,233
Add:				
FY 2019 Revenues	1,972,530	10,300	215,337	5,463
Permanent Cash Transfers In				
Other	<u>53,427</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Cash Available	2,077,410	12,517	215,187	9,696
Less:				
FY 2019 Expenditures	2,082,606	4,767	215,187	4,818
Permanent Cash Transfers Out				
Other	<u>-</u>	<u>874</u>	<u>-</u>	<u>949</u>
Total Disbursements	<u>2,082,606</u>	<u>5,641</u>	<u>215,187</u>	<u>5,767</u>
Cash, June 30, 2019	<u>\$ (5,196)</u>	<u>\$ 6,876</u>	<u>\$ -</u>	<u>\$ 3,929</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
SCHEDULE OF CASH RECONCILIATIONS - CONTINUED
JUNE 30, 2019**

	<u>Food</u>	<u>Athletics</u>	<u>Student Activities</u>	<u>Title I IASA</u>
Cash, June 30, 2018	\$ 8,863	\$ 3,703	\$ 38,765	\$ -
Add:				
FY 2019 Revenues	71,702	16,496		24,722
Permanent Cash Transfers In				
Other	<u>-</u>	<u>-</u>	<u>10,872</u>	<u>-</u>
Total Cash Available	80,565	20,199	49,637	24,722
Less:				
FY 2019 Expenditures	78,547	16,609		24,806
Permanent Cash Transfers Out				
Other	<u>998</u>	<u>-</u>	<u>-</u>	<u>13,941</u>
Total Disbursements	<u>79,545</u>	<u>16,609</u>	<u>-</u>	<u>38,747</u>
Cash, June 30, 2019	<u>\$ 1,020</u>	<u>\$ 3,590</u>	<u>\$ 49,637</u>	<u>\$ (14,025)</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
SCHEDULE OF CASH RECONCILIATIONS - CONTINUED
JUNE 30, 2019**

	<u>Entitlement IDEA- B</u>	<u>Teacher Principal Training</u>	<u>Title IV</u>	<u>Rural Education</u>
Cash, June 30, 2018	\$ -	\$ -	\$ -	\$ (800)
Add:				
FY 2019 Revenues	43,686	1,716	8,411	19,275
Permanent Cash Transfers In				
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Cash Available	43,686	1,716	8,411	18,475
Less:				
FY 2019 Expenditures	43,718	1,716	8,410	18,475
Permanent Cash Transfers Out				
Other	<u>17,302</u>	<u>1,716</u>	<u>2,920</u>	<u>-</u>
Total Disbursements	<u>61,020</u>	<u>3,432</u>	<u>11,330</u>	<u>18,475</u>
Cash, June 30, 2019	<u>\$ (17,334)</u>	<u>\$ (1,716)</u>	<u>\$ (2,919)</u>	<u>\$ -</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
SCHEDULE OF CASH RECONCILIATIONS - CONTINUED
JUNE 30, 2019**

	<u>Dual Credit</u>	<u>Literacy for Children</u>	<u>NM Reads to Lead</u>	<u>Pre-K Program</u>
Cash, June 30, 2018	\$ -	\$ (4,820)	\$ -	\$ 1,223
Add:				
FY 2019 Revenues	1,442	4,820	36,622	19,580
Permanent Cash Transfers In				
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Cash Available	1,442	-	36,622	20,803
Less:				
FY 2019 Expenditures	1,442	-	37,397	45,216
Permanent Cash Transfers Out				
Other	<u>297</u>	<u>-</u>	<u>20,630</u>	<u>-</u>
Total Disbursements	<u>1,739</u>	<u>-</u>	<u>58,027</u>	<u>45,216</u>
Cash, June 30, 2019	<u>\$ (297)</u>	<u>\$ -</u>	<u>\$ (21,405)</u>	<u>\$ (24,413)</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
SCHEDULE OF CASH RECONCILIATIONS - CONTINUED
JUNE 30, 2019**

	<u>NM Grown Fresh Fruits & Vegetables</u>	<u>STEM</u>	<u>San Juan Windfarm</u>	<u>Bond Building</u>
Cash, June 30, 2018	\$ -	\$ (283)	\$ 359,757	\$ 2,616
Add:				
FY 2019 Revenues	993	283	412,450	-
Permanent Cash Transfers In				
Other	<u>-</u>	<u>-</u>	<u>3,750</u>	<u>-</u>
Total Cash Available	993	-	775,957	2,616
Less:				
FY 2019 Expenditures	993	-	478,442	-
Permanent Cash Transfers Out				
Other	<u>797</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Disbursements	<u>1,790</u>	<u>-</u>	<u>478,442</u>	<u>-</u>
Cash, June 30, 2019	<u>\$ (797)</u>	<u>\$ -</u>	<u>\$ 297,515</u>	<u>\$ 2,616</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
SCHEDULE OF CASH RECONCILIATIONS - CONTINUED
JUNE 30, 2019**

	<u>SCO - Local</u>	<u>Special Capital Outlay State</u>	<u>SB-9 State</u>	<u>Capital Imp. SB-9 Local</u>
Cash, June 30, 2018	\$ 1,600	\$ -	\$ -	\$ 84,755
Add:				
FY 2019 Revenues	-	3,957	19,467	55,131
Permanent Cash Transfers In				
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,565</u>
Total Cash Available	1,600	3,957	19,467	142,451
Less:				
FY 2019 Expenditures	-	3,957	16,145	27,696
Permanent Cash Transfers Out				
Other	<u>-</u>	<u>3,957</u>	<u>22,789</u>	<u>-</u>
Total Disbursements	<u>-</u>	<u>7,914</u>	<u>38,934</u>	<u>27,696</u>
Cash, June 30, 2019	<u>\$ 1,600</u>	<u>\$ (3,957)</u>	<u>\$ (19,467)</u>	<u>\$ 114,755</u>

See Independent Auditors' Report

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
SCHEDULE OF CASH RECONCILIATIONS - CONTINUED
JUNE 30, 2019**

	<u>Debt Service</u>	<u>Ed Tech Debt Service</u>	<u>Total</u>
Cash, June 30, 2018	\$ 10,418	\$ 225	\$ 563,775
Add:			
FY 2019 Revenues	23	-	2,944,406
Permanent Cash Transfers In			-
Other	-	-	70,614
Total Cash Available	<u>10,441</u>	<u>225</u>	<u>3,578,795</u>
Less:			
FY 2019 Expenditures	-	-	3,110,947
Permanent Cash Transfers Out			-
Other	-	-	87,170
Total Disbursements	<u>-</u>	<u>-</u>	<u>3,198,117</u>
Cash, June 30, 2019	<u>\$ 10,441</u>	<u>\$ 225</u>	<u>\$ 380,678</u>

See Independent Auditors' Report



Independent Auditors' 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*

Honorable Brian S. Colón, Esq.
New Mexico State Auditor
Santa Fe, New Mexico
and
The Board of Education
Elida Municipal Schools
Elida, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and the major special revenue fund, of the Elida Municipal Schools (District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and the combining and individual funds of the District presented as supplementary information, and have issued our report thereon dated May 11, 2020. The District made adjusting journal entries to revenue, expenses and expenditures to reconcile cash resulting in a qualified opinion for material misstatements.

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.

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

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2018-004, 2018-007 and 2018-009 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompany schedule of findings and responses as items NM 2018-001 and NM 2018-002 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* as items 2018-007 and 2018-009.

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 findings and responses *Section 12-6-5 NMSA 1978 Findings* as items NM 2018-001, NM 2018-002, NM 2018-011, NM 2018-013 and NM 2019-001.

The District's Response to Findings

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

Purpose of this Report

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

Kubiak Melton & Associates, LLC

Kubiak Melton & Associates, LLC
Auditors – Business Consultants - CPAs

Albuquerque, New Mexico
May 11, 2020

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2019**

Section I. Summary of Audit Results

Financial Statements:

- | | |
|--|-----------|
| 1. Type of Auditors' Report Issued: | Qualified |
| 2. Internal Control Over Financial Reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified? | Yes |
| c. Noncompliance material to financial statements noted? | Yes |

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2019**

Section II. Financial Statement Findings

2018-004 (2017-002) Design Deficiencies in Internal Control over Financial Reporting (Material Weakness) – (Repeated)

Condition: The District's internal control structure is inadequate. The District does not have a comprehensive documented internal control system over financial information. The District does not maintain proper oversight or monitoring in regard to the District's accounting activities and has not taken the proper measures to monitor and mitigate the risk for fraud, misappropriation of assets, or misstatement of financial statements. During our audit, we noted the following internal control deficiencies:

- There is a lack of internal controls over journal entries. Manual journal entries are prepared and posted by the business manager without independent review. Three (3) out of Three (3) journal entries tested were posted to revenues and expense/expenditures to reconcile cash without some level of independent review. Amount tested was \$25,099.
- There is a lack of internal control over capital assets. The District did not certify capital assets at the end of the year. Also, the District did not conduct an annual inventory of movable chattel and equipment on the inventory list at the end of the physical year, nor did the Board certify the correctness of the inventory after the physical inventory.

Management's Progress: Progress has been made in correcting this finding. However, the District needs to implement controls to resolve the above items.

Criteria: NMAC 6.20.2.11 states: Every school District shall establish and maintain an internal control structure to provide management with reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with GAAP, and that state and federal programs are managed in compliance with applicable laws and regulations. The internal control structure shall include written administrative controls (rules, procedures and practices, and policies that affect the organization) and accounting controls (activity cycles, financial statement captions, accounting applications including computer systems) that are in accordance with GAAP.

An internal control structure is required to demonstrate the District's ability to record, process, summarize and report financial data consistent with the following financial statement assertions:

- 1) rights and ownership;
- 2) existence and occurrence;
- 3) valuation and allocations;
- 4) completeness; and,
- 5) accuracy.

The internal control structure shall demonstrate that the District identifies applicable laws and regulations, and that procedures are designed to provide reasonable assurance that the District complies with those laws and regulations. Internal control procedures shall be established, documented and implemented. Appropriate internal control procedures shall be adopted by the School Board to safeguard its assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies. The internal control structure shall address all District transactions.

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2019**

Section II. Financial Statement Findings (continued)

Agencies shall conduct an annual physical inventory of movable chattels and equipment on the inventory list at the end of each fiscal year in accordance with the requirements of 12-6-10 NMSA 1978. The agency shall certify the correctness of the inventory after the physical inventory. This certification shall be provided to the agency's auditors.

Cause: The District did not have proper internal controls in place over the transactions listed above.

Effect: Not designing and implementing internal controls surrounding significant transactions exposes the District to the risk that a material misstatement due to errors or fraud will not be prevented or detected.

Auditors' Recommendation: The District should ensure that a comprehensive internal control structure over financial information is designed, documented, and implemented. Management should follow and ensure that all staff follows the District's documented internal control procedures. The School Board is charged with governance and should provide effective oversight of the internal control and financial reporting process.

Management's Response: The Board of Education is committed to prudent, proper, and legal use of taxpayer resources and to do so in an ethical and transparent manner. The District will develop procedures in compliance with state law and OSA regulations, to be added to the Business Office Manual of Procedures, that direct the Business Office staff on the requirements of internal controls over the financial reporting. The District does agree that added steps will be taken to insure proper internal controls. The Superintendent will be monitoring all journal entries, overseeing bank reconciliations, and cash transfers. The Finance Committee will also ensure that proper internal controls will be established and maintained.

Management's timeline to resolve the finding: June 30, 2020

Responsible Party: Superintendent and Business Manager

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2019**

Section II. Financial Statement Findings (continued)

2018-007 (2017-005) Inadequate Review of Manual Journal Entries (Material Weakness & Other Noncompliance) – (Repeated & Modified)

Condition: During the 2019 fiscal year, the District did not have procedures in place for the review/approval of manual journal entries. Three (3) out of three (3) journal entries tested which totaled \$25,099, were posted to revenues and expense/expenditures to reconcile cash of the District without some level of independent review/approval. There were also seventy-one (71) adjustments made to the District's revenues and expenses/expenditures in which management was unable to provide support. The net effect to the Statement of Activities was an increase to net change in net position of \$69,789.

Management's Progress: There was no progress made in FY2019. Management continues to try and improve under the new Business Manager's leadership.

Criteria: The 2013 COSO framework includes monitoring, including documented review of journal entries, is an integral part of a well-designed control process.

Cause: The District did not properly design and implement internal controls surrounding journal entries to prevent or detect material misstatements caused by error or fraud.

Effect: Without a proper review processes, there is a greater risk that improper adjustments could be made. Improper adjustments result in balances being materially misstated. Also, the risk of fraudulent acts increases without proper review and approval.

Auditors' Recommendation: We recommend all journal entries require a second person's review and approval prior to posting to the accounting records and that no adjusting journal entries be approved without supporting documentation.

Management's Response: The District has implemented a policy that requires all revenue to be entered into the general ledger as a deposit and all expenditures entered as a check. Journal entries will only be posted as needed to correct errors and will be reviewed by the superintendent.

Management's timeline to resolve the finding: June 30, 2020

Responsible Party: Superintendent and Business Manager

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2019**

Section II. Financial Statement Findings (continued)

2018-009 (2017-008) Expenditures (Material Weakness & Other Noncompliance) – (Repeated & Modified)

Condition: During our expenditures testwork, the following was noted:

- There was 1 credit card statement missing 1 invoice/ receipt totaling \$95.34.
- Support for manual adjusting journal entries to expenditures did not have supporting documentation in two (2) instances out of fifty-nine (59) transactions tested. The total unsubstantiated amount tested was \$29,970.47. The journal entries also were not reviewed and authorized by someone other than the person initiating the adjusting entry.

Management's Progress: There was no progress made in FY2019. Management continues to try and improve under the new Business Manager's leadership.

Criteria: Good internal controls and sound business practice require that the District develop policies and procedures for internal controls over expenditures. Good internal controls and sound business practice also require that the District establish and implement internal control procedures over cash disbursements.

Additionally, Section 6-5-8 NMSA 1978, states that purchases for goods and services, other than personnel, must be accompanied by supporting invoices and documentation.

Cause: The District does not have policies and procedures in place to verify procurement requirements are followed and to verify all entries to expenditures reflect actual expenses to the District.

Effect: The District is in violation of Section 6-5-8 NMSA 1978. Unsubstantiated adjustments result in balances being materially misstated.

Auditors' Recommendation: The District should adopt and enforce policies and procedures for the purchase of goods and/or services. The policies and procedures should ensure purchase orders are authorized prior to the purchase of goods and services, and invoices are only paid when all the required documents are in hand, and they should also verify sufficient cash and budget is available prior to making disbursements. We also recommend all journal entries require a second person's review and approval prior to posting to the accounting records and that not adjusting journal entries be approved without supporting documentation.

Management's Response: The District has implemented for the 2019-20 school year that expenditures will not be authorized without an approved purchase order in place. The purchase order approval process will require verification that adequate budget is available prior to approval.

Management's timeline to resolve the finding: June 30, 2020

Responsible Party: Superintendent and Business Manager.

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2019**

Section III. New Mexico State Audit Rule Section 12-6-5 NMSA 1978 Findings

NM 2018-001 (2014-001) Budget Violations (Significant Deficiency & Other Noncompliance) – (Repeated & Modified)

Condition: The District over expended its budget in the following funds:

11000	Operational	\$ 173,683
21000	Food Service	\$ 3,530
25233	REAP	\$ 18,475
27114	NM Reads to Lead	\$ 647
27149	Pre-K Program	\$ 45,216

The District also made a budget adjustment to actual expenditures to move expenditures from one line item to another to be in compliance with the adopted final budget. The adjustment was in the amount of \$17,857.

Management's Progress: No progress has been made in correcting this finding. Management continues to try and improve under the new Business Manager's leadership.

Criteria: Budgetary controls, which include the timely adoption of budget adjustments, should prevent any expenditure in excess of the approved budget. (NMSA 6-6-6)

No school board or officer or employee of a school district shall make any expenditure or incur any obligation for the expenditure of public funds unless that expenditure or obligation is made in accordance with an operating budget approved by the department. (NMSA 22-8-11)

Operating budgets shall not be altered or amended after approval and certification by the department, except for the following purposes and according to the following procedure:

- A. Upon written request of any local school board, the state superintendent [secretary] may authorize transfer within the budget, or provide for items not included, when the total amount of the budget will not be increased thereby. (NMSA 22-8-12)

Cause: The District over expended its budget in the above funds because of inadequate monitoring of the budget. Also, the District posted one journal entry to reclassify expenditures to avoid over expending per the final adopted budget.

Effect: Any expenditure in excess of the approved budget indicates a lack of controls in the purchasing process which leads to unauthorized purchases being made with District money. Also, reclassifying expenditures instead of proposing budget adjustment requests creates accuracy and classification issues and does not provide the Board with accurate information to make informed decisions.

Auditors' Recommendation: We recommend the District establish policies and procedures governing the budgetary process and monitoring of the budget to properly prepare and adjust the budget to properly authorize all expenditures.

Management's Response: The correct coding of expenditures will be used. The business manager will call Visions to correct software set up. With the expenditure codes corrected, the District will implement an approval process to verify that expenditures do not exceed the budget.

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2019**

Section III. New Mexico State Audit Rule Section 12-6-5 NMSA 1978 Findings (continued)

Management's timeline to resolve the finding: June 30, 2020

Responsible Party: Superintendent and Business Manager

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2019**

Section III. New Mexico State Audit Rule Section 12-6-5 NMSA 1978 Findings (continued)

**NM 2018-002 (2014-002) Cash Appropriations in Excess of Available Cash Balances
Control & Compliance (Significant Deficiency & Other Noncompliance) – (Repeated & Modified)**

Condition: The District maintained a deficit budget in excess of available cash balances in the following funds:

<u>Fund</u>	<u>Description</u>	<u>Deficit Amount</u>
22000	Athletics	(\$ 207)

Management's Progress: No progress has been made correcting this finding.

Criteria: Section 2.2.2.10. (P), NMAC, requires all school District funds, with the exception of agency funds, to be budgeted by the local governing body and submitted to the PED for approval. Cash balances re-budgeted to make up the deficit budgeted revenues that do not cover the budgeted expenditures, cannot exceed the actual cash balance available at the end of the prior year.

If budgeted expenditures exceed budgeted revenues (after prior-year cash balance and any applicable federal receivables used to balance the budget), that fact shall be reported in a finding. (2.2.2.10 (R), NMAC)

Cause: The District lacks a proper procedure to ensure that sufficient beginning cash balances exist to absorb budget deficits later in the fiscal year.

Effect: The District will be required to supplement this budget deficit in this fund with cash reserves from other funds. This supplement may lead to financial difficulties and deplete the budget in other funds.

Auditors' Recommendation: The District should design and implement policies and procedures to review the budget to ensure the District has a sufficient beginning cash balance to cover any budgeted expenditures in excess of revenues prior to formal adoption of the budget.

Management's Response: The District will review fund expenditures from previous years and develop a budget for the 2020-2021 fiscal year. The District's business manager will have a full year of experience and will receive training in setting school budgets, accounting practices, and budget monitoring practices through NMASBO credit training. The District will ensure that all accounts are reconciled as mandated by law. Reconciliations will be reviewed and approved by the Superintendent.

Management's timeline to resolve the finding: June 30, 2020

Responsible Party: Superintendent and Business Manager

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2019**

Section III. New Mexico State Audit Rule Section 12-6-5 NMSA 1978 Findings (continued)

NM 2018-011 Compliance with the Anti-Donation Clause and Per Diem and Mileage Act (Other Noncompliance) – (Repeated & Modified)

Condition: During our test-work, we noted that in one (1) instance out of five (5) transactions tested where the District approved employees' use of the District's P-Cards for actual travel expenditures, \$168.66 of actual travel expenses were not substantiated with receipts or other supporting documentation.

Management's Progress: No progress has been made correcting this finding.

Criteria: The New Mexico Administrative Code (NMAC) for Receipts Required (2.42.2.9.B.3 NMAC) states "The public officer or employee must submit receipts for the actual meal and lodging expenses incurred. Under circumstances where the loss of receipts would create a hardship, an affidavit from the officer or employee attesting to the expenses may be substituted for actual receipts. The affidavit must accompany the travel voucher and include the signature of the agency head or governing Board."

Cause: The District does not have procedures in place to ensure employees are providing receipts for actual travel expenses incurred with the District's P-Cards under the Per Diem and Mileage Act and to ensure that records of all travel expenditures are properly supported and maintained.

Effect: The District was not in compliance with the Per Diem and Mileage Act (NM Stat § 10-8-5-B) for the year ending June 30, 2019.

Auditors' Recommendations: We recommend the District establish policies and procedures to ensure records for all travel expenditures incurred with the District's P-Cards are properly supported and maintained.

Management's Response: The District has developed a policy requiring strict compliance with Article 9, Section 14 of the New Mexico Constitution and Section 10-8-1 to 10-8-8 NMSA 1978. The District's purchasing cards have been relocated to a more secure location and must be signed in and out with proper documentation of purchase returned.

Management's timeline to resolve the finding: June 30, 2020

Responsible Party: Superintendent and Business Manager

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2019**

Section III. New Mexico State Audit Rule Section 12-6-5 NMSA 1978 Findings (continued)

NM 2018-013 (2017-011) Audit Report Filed Late (Other Noncompliance) – (Repeated)

Condition: The June 30, 2019 audit report was not submitted to the State Auditor's office by its required due date of November 15, 2019.

Management's Progress: The District anticipates submitting the audit timely next year.

Criteria: According to State Auditor Rule NMAC 2.2.2.9, the audited financial statements were due November 15 following the fiscal year audited.

Cause: The audit was submitted to the New Mexico State Auditor on May 11, 2020.

Effect: The District is not in compliance with State Auditor Rule 2.2.2.9 for the fiscal year ended June 30, 2019.

Auditors' Recommendation: The District will need to engage and seek approval from an approved IPA to contract for the annual audit. The audit will then need to be completed and submitted by November 15th subsequent to year-end.

Management's Response: The Superintendent and School Board agree that the audit should be submitted timely. The District is working diligently to correct the findings in this audit. Also, the District is implementing internal control policies and procedures to safeguard the Districts assets and assure accurate records are maintained. Additionally, the District contracted with a new firm for the 2019 audit which completed the audit remotely within three weeks. The District looks forward to working with the new auditor and getting the forthcoming audits submitted timely.

Management's timeline to resolve the finding: November 15, 2020

Responsible Party: Superintendent and Business Manager

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2019**

Section III. New Mexico State Audit Rule Section 12-6-5 NMSA 1978 Findings (continued)

NM 2019-001 Compliance with School Personnel Act (Other Noncompliance)

Condition: During our review of the internal controls over disbursements, we noted that two (2) out of the nine (9) employees selected for testwork, did not have employment applications/ contracts in their employee files.

Management's Progress: New

Criteria: Per NMSA Section 22-10A-21: All employment contracts between local school boards and certified school personnel and between governing authorities of state agencies and certified school instructors shall be in writing on forms approved by the state board [department]. These forms shall contain and specify the term of service, the salary to be paid, the method of payment, the causes for termination of the contract and other provisions required by the regulations of the state board. Good internal controls and sound business practice require that the District develop policies and procedures for internal controls over hiring and payroll.

Cause: The District does not have policies and procedures in place to verify that employee files are complete and to ensure that all employees' initial employment was properly authorized.

Effect: The District was not in compliance with the School Personnel Act for the year ending June 30, 2019. Due to incomplete employee files, we could not determine whether the two individuals are actual, authorized employees of the District. Improper internal controls over employee files can lead to payroll disbursements to unauthorized individuals and ghost employees.

Auditors' Recommendation: We recommend the District establish policies and procedures to ensure employee records are complete and contain an initial employee contract/ application approved by management.

Management's Response: The District has replaced the business manager for the 2018-19 school year. Policies and procedures were put into place during the 2019-20 school year to verify that all employee files are complete, and to ensure that all employee initial records are completed and properly authorized.

Management's timeline to resolve the finding: June 30, 2020

Responsible Party: Superintendent and Business Manager

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2019**

Section IV. Status of Prior Year Audit Findings

2018-001 (2014-001) – Budget Violations – Repeated & Modified

2018-002 (2014-002) – Cash Appropriations in Excess of Available Cash Balances – Repeated & Modified

2018-003 (2017-001) – Financial Statements and Disclosures - Resolved

2018-004 (2017-002) – Design Deficiencies in Internal Control over Financial Reporting – Repeated & Modified

2018-005 (2017-003) – Bank Reconciliation Preparation and Stale Dated Checks – Resolved

2018-006 (2017-004) – Capital Asset Listing/ Depreciation Schedule - Resolved

2018-007 (2017-005) – Inadequate Review of Manual Journal Entries – Repeated & Modified

2018-008 (2017-007) – PED Cash Report – Resolved

2018-009 (2017-008) – Expenditures – Repeated & Modified

2018-010 (2017-010) – Unauthorized Temporary Inter-Fund Loans – Resolved

2018-011 – Compliance with the Anti-Donation Clause and Mileage and Per Diem Act – Repeated & Modified

2018-012 – Education Retirement Board – Resolved

2018-013 (2017-011) – Audit Report Filed Late – Repeated

**STATE OF NEW MEXICO
ELIDA MUNICIPAL SCHOOLS
EXIT CONFERENCE
JUNE 30, 2019**

The contents of this report were discussed at an exit conference held May 11, 2020.

The District was represented by:

Cody Ferguson, Board Member
Tandee Delk, Superintendent
Annette Kirk, Business Manager

The firm of Kubiak Melton & Associates, LLC (KMA CPAs) was represented by

Daniel O. Trujillo, CPA, CFE, CGFM, CGMA, Member – Director of Audit
Joe Ortiz, Audit Manager
Saudy Moreno Esparza, Audit Associate

Preparation of Financial Statements

The financial statements in this report were prepared substantially by the Independent Audit firm of KMA CPAs, with the assistance of District management.