

Gadsden Independent School District No. 16

Financial Statements  
For the Year Ended June 30, 2019



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**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
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June 30, 2019

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**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Official Roster  
June 30, 2019

<u>Name</u>	<u>Board of Education</u>	<u>Title</u>
Daniel Estupiñan		President
Daniel Castillo		Vice President
Laura Salazar Flores		Secretary
Maria Saenz		Member
Jennifer Viramontes		Member
	<u>Administrative Officials</u>	
Travis L. Dempsey		Superintendent
Ludym Martinez		Associate Superintendent For Finance
Barbara Browder		Executive Associate Superintendent for Human Resources
Alfredo Holguin		Associate Superintendent for Support Services and Transportation
Susan Yturralde		Associate Superintendent for Curriculum, Instruction & Technology

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## INDEPENDENT AUDITORS' REPORT

Brian S. Colón, Esq  
New Mexico State Auditor  
U.S. Office of Management and Budget  
Board of Education and Management  
Gadsden Independent School District No. 16  
Sunland Park, 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 of the General Fund and major special revenue funds of Gadsden Independent School District No. 16 (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the General Fund and major special revenue funds of Gadsden Independent School District No.16, as of June 30, 2019, and the respective changes in financial position thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on pages 11 through 18 and Schedules A-1 through B-2 and notes to the Required Supplementary Information on pages 80 through 87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, the combining and individual fund financial statements, the combining financial statements for the general fund and related budgetary comparisons, the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and Supporting Schedules I through IV required by 2.2.2 NMAC are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

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

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



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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2019, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Cordova CPAs LLC". The signature is written in a cursive, flowing style.

Cordova CPAs LLC  
Albuquerque, New Mexico  
October 11, 2019

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**Management's Discussion and Analysis**

As management of the Gadsden Independent School District No. 16 (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2019. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year ended June 30, 2019 are as follows:

- The assets of the District exceeded its liabilities at the end of the fiscal year by \$44,728,672 (net position). Of this amount, \$298,494,372 is invested in capital assets, \$21,135,286 is restricted for capital projects and debt service purposes, \$23,258,746 is restricted for special revenue fund purposes and \$(298,159,732) is unrestricted (deficit). The unrestricted (deficit) portion of the net position was impacted by the recognition of a net pension liability of \$290,029,563 as well as a net OPEB liability of \$74,758,655.
- Deferred outflows of resources of \$71,756,578 related to employer contributions subsequent to the measurement date and deferred inflows of resources of \$20,739,003 related to the pension plan are reported in the Statement of Net Position at June 30, 2019. These items are the result of the implementation of GASB 68 as it relates to the District's proportionate share of the NM Educational Retirement Board Pension Plan, a multiple employer cost sharing defined benefit pension plan.
- Deferred outflows of resources of \$1,529,940 related to employer contributions subsequent to the measurement date and deferred inflows of resources of \$22,700,840 related to the OPEB plan are reported in the Statement of Net Position at June 30, 2019. These items are the result of this fiscal year's implementation of GASB 75 as it relates to the District's proportionate share of Post - Employment Benefits for the State Retiree Health Care Plan (Note 11).
- The District's liabilities decreased by \$17,030,961 in fiscal year 2019. This decrease is due to a reduction of \$10,339,699 in the Net Pension liability, a decrease of \$6,492,883 in the Net OPEB liability, as well as decreases in the current portion of bonds payable, bonds payable, and bond premium. These decreases were offset by smaller increases in accounts payable, accrued payroll, accrued interest, and current and non-current compensated absences.
- The District's change in net position is \$(23,541,482) which is reflected in the District's Statement of Activities.
- At June 30, 2019, the fund balance for the operational fund was \$37,353,052, which reflects an increase of \$6,231,192 from 2018. General fund expenditures were managed through careful budget planning which resulted in an increase in fund balance.
- The District's general obligation bond and lease purchase notes debt balance is \$44,955,000, which reflects a \$450,000 decrease due to the net offset of issuing new debt and retiring old bonds. Voters authorized new bonds in the amount of \$38,000,000 in an election in February 2018, which allows the District to issue new debt over a four-year period beginning with the fiscal year ending June 30, 2019.

**Basic Financial Statements**

In general, the purpose of financial reporting is to provide external parties that read the financial statements with information that will help them to make decisions or draw conclusions about the reporting entity. There are many external parties that read and use the District's financial statements; however, these parties do not always have the same objectives. This annual report consists of a series of financial statements and notes to those statements. These statements are organized so that the reader may understand the District's overall financial position. In accordance with required reporting requirements, the District presents (1) government-wide financial statements and (2) fund financial statements.

*Government-wide financial statements*

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to that of a private sector business.

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The *statement of net position* presents information on all of the District's assets and deferred outflows, and liabilities and deferred inflows, with the difference reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows only in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both the *statement of net position* and the *statement of activities* distinguish functions of the District that are primarily supported by property taxes and state revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through fees and charges. The governmental activities of the District include education, pupil transportation, food service and community service. The District does not have any business-type activities.

The *government-wide financial statements* can be found in Exhibit A-1 and Exhibit A-2 of this report.

*Fund Financial Statements*

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other school districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

*Governmental Funds*

*Governmental Funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of government funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. A reconciliation to facilitate the comparison of the governmental funds and governmental activities has been provided.

The District has eight individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the following funds:

- Operational Fund
- Transportation Fund
- Instructional Materials Fund
- Food Services Fund
- Title I – 24101 Fund
- Bond Building Fund
- Debt Service Fund
- Other Governmental Funds

The first seven funds are considered major funds. Individual fund data for each of the funds included in the Other Governmental Funds is provided in the form of combining statements elsewhere in this report.

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The basic governmental fund financial statements can be found in Exhibit B-1 and Exhibit B-2 of this report.

*Fiduciary Funds*

Fiduciary Funds are used to account for resources held in trust for the benefit of parties outside the District. Fiduciary fund financial statements consist of a statement of fiduciary net position and a statement of changes in fiduciary net position. These funds are not reported in the government-wide financial statements.

The fiduciary fund financial statements can be found in Exhibit D-1 and Exhibit D-2 of this report.

**Overview of the District's Financial Position and Operations**

The District's overall financial position and operations for the current year are as follows:

**Gadsden Independent School District No. 16 Net Position**

	Governmental Activities	
	2019	2018
Current and other assets	\$ 110,145,753	\$ 98,551,292
Capital assets	324,558,359	328,231,028
Deferred outflows of resources	73,286,518	101,502,244
Total assets and deferred outflows of resources	\$507,990,630	\$528,284,564
Long-term liabilities	\$401,897,218	\$419,026,109
Other liabilities	17,924,897	17,826,967
Deferred inflows of resources	43,439,843	23,161,334
Total liabilities and deferred inflows of resources	\$463,261,958	\$460,014,410
Net position:		
Invested in capital assets, net of debt	\$298,494,372	\$299,362,737
Restricted for:		
Debt service	16,606,462	15,431,812
Capital projects	4,528,824	4,077,530
Special revenue	23,258,746	22,430,665
Unrestricted (deficit)	(298,159,732)	(273,032,590)
Total net position	\$44,728,672	\$68,270,154

Total Net position of the District's governmental activities decreased by 34.48% from 2018. *Unrestricted* net position-the part of net position that is unrestricted in nature and can be used at the discretion of the District and to meet ongoing obligations to creditors and stakeholders, decreased \$25,127,142 to reflect a deficit of \$(298,159,732). This deficit is the result of the implementation of GASB 68 and GASB 75 which require the District to reflect the District's proportionate share of the NM Educational Retirement Board Pension Plan and the NM State Retiree Health Care Plan.

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All other portions of net position are restricted for the stated purpose. The District's net position invested in capital assets, net of related debt reflects a decrease of 0.29% from 2018. This indicates that the accumulated depreciation along with the asset value exceed existing debt. Net Position Invested in Capital Assets decreased \$868,365 due to the cost of completed buildings and building projects being more than depreciation expense. The District continues to utilize local Bond Funds and State Matching Funds to construct new schools and make improvements to existing facilities.

Current and other assets increased from 2018 to 2019 by \$11,594,461. This increase was primarily due to an increase in cash in the General, Bond Building, and Debt Service Funds offset by a decrease in cash in the Student Nutrition. Long-term liabilities decreased by \$17,128,891 primarily due to a decrease of \$10,339,699 in the net pension and \$6,492,883 in OPEB liabilities.

Governmental activities decreased the District's net position by \$(23,541,482). The decrease resulted from the District's overall decrease in Program Revenues, predominantly Capital Grants and Contributions. General Revenue categories showed slight increases but not enough to offset the loss in revenue related to Capital Grants and Contributions. Governmental activities expense decreased compared to 2018 expenses. Decreases were related to expenses in Direct Instruction and Operation of Maintenance of Plant with other Program expense categories remaining relatively stable compared to 2018. Another important fact is the District's liquidity which is the ability to convert assets into cash to pay for obligations and commitments. Unrestricted and Restricted Cash and cash equivalents represent approximately 88% of the District's current and other assets.

The following are major elements of the District's governmental activities contributing to the decrease in the change in net position.

***Gadsden Independent School District No. 16 Changes in Net Position***

	Governmental Activities	
	2019	2018
Revenues:		
Program revenues:		
Charges for services	\$ 1,477,104	\$ 1,331,455
Operating grants and contributions	36,903,188	33,603,800
Capital grants and contributions	2,694,512	8,198,082
General revenues:		
Local property taxes	16,754,132	16,192,647
Federal and state aid	104,369,694	101,744,886
Interest and investment earnings	363,205	147,947
Gain / (Loss) on disposal of assets	1,239	24,941
Other	17,952	8,899
	<b>\$162,581,026</b>	<b>\$161,252,657</b>

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***Gadsden Independent School District No. 16 Changes in Net Position (continued)***

Expenses:		
Direct Instruction	\$102,039,708	\$105,341,778
Support services-Student/Instruction/School Admin	36,423,592	36,475,562
Support services-General Administration/Other	1,204,605	1,139,425
Central Services	4,910,336	3,838,715
Operation and maintenance of plant	19,101,823	20,945,052
Food Services	12,232,670	12,321,871
Community Service	23,006	13,592
Student Transportation	6,475,231	6,166,061
Interest on long-term debt	789,422	731,358
Depreciation-facilities acquisition and construction	2,328,115	2,672,306
	<hr/>	<hr/>
Total expenses	\$185,528,508	\$189,645,720
	<hr/>	<hr/>
Change in net position	\$(23,541,482)	\$(28,393,063)
Net position – beginning – July 1	68,270,154	193,177,115
Prior period adjustment	-	(96,513,898)
	<hr/>	<hr/>
Net position – ending – June 30	\$ 44,728,672	\$68,270,154
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As noted in the preceding schedule, the District is heavily dependent on federal and state aid which comprises 64% of total revenues. In addition, the District received \$474,944 from State Capital Outlay Matching funds included in Operating Grants and Contributions which represents 4% of total revenues. Correspondingly, it spends almost 75% of total expenditures on direct instruction and support services-student/instruction/school admin., the two primary functions that indicate direct school spending.

The District experienced an increase of \$561,485 in property tax revenues. Federal and State Aid experienced an increase of \$2,624,808 compared to 2018. Operating Grants and Contributions also increased by \$3,299,388 compared to 2018. Due to the economic factors of the communities we serve, the District qualifies for substantial Federal assistance. The ability to obtain Capital Funding from the State is related to the student growth that the District experiences as well as the ranking of its facilities by the NM Public School Facility Authority which determines when facilities are to be replaced, upgraded, or added.

*General Fund Budgetary Highlights*

Budget to actual comparison schedules are presented for all major funds in Exhibits C-1 to C3. These schedules are prepared on a non-GAAP budgetary basis which is the format allowed by the District's oversight agency, the New Mexico Public Education Department.

The original expenditure budget for the District's operational fund was increased by \$9,921,073 due to changes in the designated cash balance available for budgeting. The final expenditure budget was \$130,926,511, of which \$99,539,644 was expended in the current year. Of the \$105,037,515 revenue budget, 101% of the budgeted amount was received during the year.

The District continues to maintain a strong financial position in the General, Bond Building and Debt Service Funds.

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**Capital Assets and Debt Administration**

*Capital Assets*

The District's investment in capital assets as of June 30, 2019 is \$324,558,359. These assets include land and land improvements, building and building improvements, equipment and furniture, vehicles, and construction in progress. Construction in progress consisted of major construction projects currently underway in the District which includes additions and improvements to existing high schools and other various remodel/addition projects throughout the District. Capital Assets decreased approximately 1.12% from the prior year due to a decrease in the percentage of matching construction costs received from the State of New Mexico and the status of completed construction projects compared to the prior year.

Depreciation calculated during years 2006 through 2019 as a result of the implementation of GASB 34 resulted in a balance of \$172,645,756 of which \$14,255,073 is for depreciation in the current year. Additional information of the District's capital assets is presented in Note 6 of the financial statements.

*Long-term obligations*

At the end of the current year, the district had \$46,435,150 in long-term debt related to governmental activities. Of this debt, \$44,955,000 was related to general obligation bonds and \$0.00 was related to educational technology lease purchase notes outstanding at year end. The debt position of the District is summarized below and is more fully analyzed in Note 7 of the financial statements.

	<b>Governmental Activities</b>				
	Balance 7/1/18	Additions	Deletions	Balance 6/30/19	Amounts Due In One Year
Compensated Absences	\$ 1,412,109	\$ 497,282	\$ 429,241	\$ 1,480,150	\$ 477,978
Lease Purchase Notes	-	2,000,000	2,000,000	-	-
General Obligation Bonds	45,405,000	9,500,000	9,950,000	44,955,000	9,625,000
<b>Total Long Term Debt</b>	<b>\$46,817,109</b>	<b>\$11,997,282</b>	<b>\$12,379,241</b>	<b>\$46,435,150</b>	<b>\$10,102,978</b>

The District issued General Obligation Bonds in the amount of \$9,500,000 in October 2018. On August 15, 2018 and June 1, 2019 the District reduced the general obligation bond debt principal by \$8,700,000 and \$1,250,000, respectively, in accordance with scheduled bond payments.

Overall, the District decreased its debt balances by \$381,959, which was due to the issuance of new bonds and an increase in debt payment activity described above.

The most recent issuances by the District have received the following credit ratings:

- The \$9,800,000 bonds issued in September 2003 received an upgraded Moody's rating of Enhanced Aa2 and an A3 underlying rating. The upgrade in rating was partly due to recent legislative action that guarantees payment to the bond holders in the event of default by the District.
- The \$8,000,000 bonds issued in September 2004 received a Moody's rating of Aa2.
- The \$3,200,000 bonds issued in August 2005 received a Moody's rating of Enhanced Aa2 and an A3 underlying rating.



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- The \$12,250,000 bonds issued in November 2006 were privately placed with the New Mexico Finance Authority.
- The \$8,900,000 bonds issued in September 2007 were privately placed with the New Mexico Finance Authority.
- The \$7,000,000 bonds issued in August 2008 received a Moody's rating of Enhanced Aa2 and a Baa1 underlying rating.
- The \$9,075,000 bonds issued in November 2009 were privately placed with the New Mexico Finance Authority.
- The \$7,250,000 bonds issued in November 2010 were privately placed with the New Mexico Finance Authority.
- The \$8,250,000 bonds and \$12,300,000 bonds issued in October 2011 received a Moody's rating of Enhanced Aa1/NEG and a Baa1 underlying rating.
- The \$11,000,000 bonds and \$1,180,000 bonds issued in December 2012 received a Moody's rating of Enhanced Aa1/NEG and an A3 underlying rating.
- The \$9,500,000 bonds issued in October 2013 received a Moody's rating of Enhanced Aa1 and an A2 underlying rating.
- The \$9,500,000 bonds issued in October 2014 received a Moody's rating of Enhanced Aa1 and an A2 underlying rating.
- The \$9,500,000 bonds issued in October 2015 received a Moody's rating of Enhanced Aa1 and an A1 underlying rating.
- The \$9,500,000 bonds issued in October 2016 received a Moody's rating of Enhanced Aa1 and an A1 underlying rating.
- The \$9,500,000 bonds issued October 2017 were privately placed with the New Mexico Finance Authority.
- The \$9,500,000 bonds issued October 2018 were privately placed with the New Mexico Finance Authority.

**Relevant Current Economic Factors, Decisions and Conditions**

The District has experienced a slowing in the growth in student population, which has an effect on the amount of state revenues as well as on future construction needs. Since the District, like all other New Mexico school districts, is funded on a prior year funding formula, (i.e. the student population from this year will determine the amount of funding received in the following year), it must maintain tight budgetary controls in order to meet current year needs with the prior year's funding base. The District's primary general source of revenues is derived from the state funding formula. The District anticipates that the student population will remain at the same level.

Even with a slowing in growth of the overall student population, growth continues in the southern and Chaparral areas of the District, the need exists to continue to remodel new schools and/or construct major additions to its existing schools.

With respect to property taxes, the District's tax rate has remained stable over the last few years due to the bond program implemented by the District. As old debt is retired, new debt is issued, thereby maintaining a non-residential rate of approximately \$14.4 per \$1,000 assessed valuation.

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**Gadsden Independent School District No. 16**

In February 2003 new bonds in the amount of \$21 million were approved by voters, as well as a \$2.00 mill levy for capital improvements. In August 2003, \$9.8 million of these bonds were sold, in August 2004, an additional \$8 million bonds were sold and the balance of this authorization, \$3.2 million were sold in August 2005.

In February 2006 new bonds in the amount of \$38,000,000 were approved by voters, as well as the continuation of the \$2.00 mill levy for capital improvements. This debt authorization was sold over a four-year period from 2006 to 2009. In November 2006, \$12.25 million of these bonds were sold, in September 2007, \$8.9 million of these bonds were sold, in August 2008, \$7.0 million of these bonds were sold and in November 2009, \$9.075 million of these bonds were sold. The remaining authorized amount of \$775,000 was not issued due to the lack of adequate bonding capacity and the expiration of the authorization period.

In February 2010 new bonds in the amount of \$36,000,000 were approved by voters. This debt authorization was sold over a four-year period from 2010 to 2013. \$7,250,000 of this debt authorization was sold in 2010. \$8,250,000 of this debt authorization was sold in 2011, \$11,000,000 of this debt authorization was sold in 2012 and the remaining debt authorization amount of \$9,500,000 was sold in 2013.

In February 2014 new bonds in the amount of \$38,000,000 were approved by voters. This debt authorization will be sold over a four-year period from 2014 to 2017. \$9,500,000 of this debt authorization was sold in 2014, \$9,500,000 of this debt authorization was sold in 2015, \$9,500,000 of this debt authorization was sold in 2016, and the remaining debt authorization amount of \$9,500,000 was sold in October 2017.

In February 2018 new bonds in the amount of \$38,000,000 were approved by voters. This debt authorization will be sold over a four-year period from 2018 to 2021. \$9,500,000 of this debt authorization was sold in 2018. It is anticipated that \$9,500,000 will be issued in 2019. The remaining amount to be issued will be dependent on the available bonding capacity which is impacted by the assessed valuation of the property within the boundaries of the District.

In February 2018 the continuation of the \$2.00 mill levy for capital improvements was approved by voters.

Continuing construction needs due to changes in the student population as well as aging of facilities requires funding from taxpayers as well as continued support through direct legislative appropriations and legislative funded matching funds from the State.

### **Request for Information**

This financial report is designed to provide various interested parties with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or require additional information, contact the District's Finance Department as follows:

Ludym Martinez  
Associate Superintendent for Finance  
(575) 882-6243  
lumartinez@gisd.k12.nm.us

Physical Address:  
4950 McNutt  
Sunland Park, NM 88063

Mailing Address:  
P. O. Drawer 70  
Anthony, NM 88021

**BASIC  
FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Statement of Net Position  
June 30, 2019

	<b>Governmental Activities</b>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 82,578,807
Receivables:	
Property taxes	2,472,222
Due from other governments	9,323,321
Miscellaneous	5,080
Inventory	1,123,647
Total current assets	95,503,077
Noncurrent assets	
Restricted assets:	
Restricted cash and cash equivalents	14,550,580
Bond discounts, net of accumulated amortization of \$164,037	92,096
Capital assets	497,204,115
Less: accumulated depreciation	(172,645,756)
Total noncurrent assets	339,201,035
<i>Total assets</i>	434,704,112
<b>Deferred outflows of resources</b>	
Deferred outflows - pension	71,756,578
Deferred outflows - OPEB	1,529,940
<i>Total deferred outflows of resources</i>	73,286,518
<i>Total assets and deferred outflows of resources</i>	\$ 507,990,630

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

	<b>Governmental Activities</b>
	<hr/>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	\$ 1,828,518
Accrued payroll	5,651,468
Accrued interest	341,933
Accrued compensated absences	477,978
Current portion of bonds payable	<hr/> 9,625,000
Total current liabilities	<hr/> 17,924,897
Noncurrent liabilities	
Accrued compensated absences	1,002,172
Bonds payable	35,330,000
Bond premium, net of accumulated amortization of \$2,080,434	776,828
Net pension liability	290,029,563
Net OPEB Liability	<hr/> 74,758,655
Total noncurrent liabilities	<hr/> 401,897,218
<i>Total liabilities</i>	<hr/> 419,822,115
<b>Deferred inflows of resources</b>	
Deferred inflows - pension	20,739,003
Deferred inflows - OPEB	<hr/> 22,700,840
<i>Total deferred inflows of resources</i>	<hr/> 43,439,843
<b>Net position</b>	
Net investment in capital assets	298,494,372
Restricted for:	
Debt service	16,606,462
Capital projects	4,528,824
Special revenue	23,258,746
Unrestricted	<hr/> (298,159,732)
<i>Total net position</i>	<hr/> 44,728,672
<i>Total liabilities, deferred inflows of resources, and net position</i>	<hr/> <hr/> \$ 507,990,630

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

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Statement of Activities  
For the Year Ended June 30, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
<b>Primary government:</b>			
<b>Governmental Activities:</b>			
Instruction	\$ 102,039,708	\$ 920,711	\$ 13,473,381
Support services - students	18,110,857	163,416	2,391,368
Support services - instruction	8,186,776	73,870	1,080,987
Support services - general administration	1,204,605	10,869	159,057
Support services - school administration	10,125,959	91,367	1,337,037
Central services	4,910,336	44,306	648,364
Operation and maintenance of plant	19,101,823	172,357	2,522,216
Student transportation	6,475,231	-	5,613,539
Food services operations	12,232,670	-	9,080,201
Community services operations	23,006	208	3,038
Depreciation - unallocated	2,328,115	-	-
Interest and other charges	789,422	-	-
<i>Total governmental activities</i>	<u>\$ 185,528,508</u>	<u>\$ 1,477,104</u>	<u>\$ 36,309,188</u>

**General Revenues:**

Taxes:

Property taxes, levied for operating programs

Property taxes, levied for debt services

Property taxes, levied for capital projects

State equalization guarantee

Investment income

Miscellaneous income

Gain on disposition of assets

Total general revenues

Change in net position

Net position, beginning

*Net position, ending*

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

<u>Program Revenues</u> <u>Capital Grants and</u> <u>Contributions</u>	<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in Net</u> <u>Position</u> <u>Governmental</u> <u>Activities</u>
\$ 1,679,548	\$ (85,966,068)
298,100	(15,257,973)
134,752	(6,897,167)
19,828	(1,014,851)
166,671	(8,530,884)
80,823	(4,136,843)
314,411	(16,092,839)
-	(861,692)
-	(3,152,469)
379	(19,381)
-	(2,328,115)
-	(789,422)
<u>\$ 2,694,512</u>	<u>(145,047,704)</u>
	392,015
	14,332,376
	2,029,741
	104,369,694
	363,205
	17,952
	<u>1,239</u>
	<u>121,506,222</u>
	(23,541,482)
	<u>68,270,154</u>
	<u>\$ 44,728,672</u>

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

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Balance Sheet  
Governmental Funds  
June 30, 2019

	<b>General Fund 11000, 13000, 14000</b>	<b>Student Nutrition Program 21000</b>	<b>Title I 24101</b>
<i>Assets</i>			
Cash and cash equivalents	\$ 36,086,075	\$ 12,558,982	\$ -
Receivables:			
Property taxes	49,993	-	-
Due from other governments	-	939,545	3,150,414
Other	5,080	-	-
Inventory	676,092	447,555	-
Due from other funds	6,819,071	-	-
<b>Total assets</b>	<b>\$ 43,636,311</b>	<b>\$ 13,946,082</b>	<b>\$ 3,150,414</b>
<i>Liabilities, deferred inflows of resources, and fund balances</i>			
<i>Liabilities</i>			
Accounts payable	\$ 388,059	\$ 41,497	\$ 853
Accrued payroll	4,691,737	164,058	270,490
Due to other funds	-	-	2,879,071
<b>Total liabilities</b>	<b>5,079,796</b>	<b>205,555</b>	<b>3,150,414</b>
<i>Deferred inflows of resources</i>			
Unavailable revenue - property taxes	40,391	-	-
<b>Total deferred inflows of resources</b>	<b>40,391</b>	<b>-</b>	<b>-</b>
<i>Fund balances</i>			
Nonspendable:			
Inventory	676,092	447,555	-
Spendable:			
Restricted for:			
Transportation	13,124	-	-
Instructional materials	1,149,948	-	-
Food services	-	13,292,972	-
Extracurricular activities	-	-	-
Education	-	-	-
Capital acquisitions and improvements	-	-	-
Debt service	-	-	-
Committed for:			
Subsequent year's expenditures	20,666,480	-	-
Unassigned	16,010,480	-	-
<b>Total fund balances</b>	<b>38,516,124</b>	<b>13,740,527</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 43,636,311</b>	<b>\$ 13,946,082</b>	<b>\$ 3,150,414</b>

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



<b>Bond Building Capital Projects Fund 31100</b>	<b>Debt Service Fund 41000</b>	<b>Other Governmental Funds</b>	<b>Total</b>
\$ 20,899,109	\$ 11,699,651	\$ 15,885,570	\$ 97,129,387
-	1,762,203	660,026	2,472,222
-	-	5,233,362	9,323,321
-	-	-	5,080
-	-	-	1,123,647
-	-	-	6,819,071
<u>\$ 20,899,109</u>	<u>\$ 13,461,854</u>	<u>\$ 21,778,958</u>	<u>\$ 116,872,728</u>
\$ 1,323,364	\$ -	\$ 74,745	\$ 1,828,518
-	-	525,183	5,651,468
-	-	3,940,000	6,819,071
<u>1,323,364</u>	<u>-</u>	<u>4,539,928</u>	<u>14,299,057</u>
-	1,445,618	546,112	2,032,121
-	1,445,618	546,112	2,032,121
-	-	-	1,123,647
-	-	-	13,124
-	-	-	1,149,948
-	-	-	13,292,972
-	-	1,579,660	1,579,660
-	-	7,938,559	7,938,559
19,575,745	-	4,262,288	23,838,033
-	12,016,236	2,912,411	14,928,647
-	-	-	20,666,480
-	-	-	16,010,480
<u>19,575,745</u>	<u>12,016,236</u>	<u>16,692,918</u>	<u>100,541,550</u>
<u>\$ 20,899,109</u>	<u>\$ 13,461,854</u>	<u>\$ 21,778,958</u>	<u>\$ 116,872,728</u>

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

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**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Reconciliation of the Balance Sheet to the Statement of Net Position  
Governmental Funds  
June 30, 2019

Exhibit B-1  
Page 2 of 2

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund balances - total governmental funds	\$ 100,541,550
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds	324,558,359
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unavailable revenue in the fund financial statements, but are considered revenue in the Statement of Activities	2,032,121
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and therefore, are not reported in funds:	
Deferred outflows - pension	71,756,578
Deferred outflows - OPEB	1,529,940
Deferred inflows - pension	(20,739,003)
Deferred inflows - OPEB	(22,700,840)
Liabilities, including bonds payable, and net pension and OPEB liability are not due and payable in the current period and, therefore, are not reported in the funds:	
Accrued compensated absences not due and payable	(1,480,150)
Accrued interest payable	(341,933)
Bonds payable	(44,955,000)
Bond discounts (net of amortization)	92,096
Bond premiums (net of amortization)	(776,828)
Net pension liability	(290,029,563)
Net OPEB Liability	(74,758,655)
<i>Total net position - governmental activities</i>	<i>\$ 44,728,672</i>

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

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2019

	<b>General Fund 11000, 13000, 14000</b>	<b>Student Nutrition Program 21000</b>	<b>Title I 24101</b>
<i>Revenues</i>			
Property taxes	\$ 392,148	\$ -	\$ -
Intergovernmental revenue:			
Federal flowthrough	256,237	9,080,201	7,936,776
Federal direct	26,617	-	-
Local sources	-	-	-
State flowthrough	828,945	-	-
State direct	104,369,694	-	-
Transportation distribution	5,613,539	-	-
Charges for services	277,632	303,615	-
Investment income	69,224	22,671	-
Miscellaneous	5,695	3,491	-
<b>Total revenues</b>	<b>111,839,731</b>	<b>9,409,978</b>	<b>7,936,776</b>
<i>Expenditures</i>			
Current:			
Instruction	63,686,713	-	5,984,805
Support services - students	9,490,481	-	987,444
Support services - instruction	3,895,741	-	445,108
Support services - general administration	535,189	-	151,484
Support services - school administration	6,528,663	-	102,622
Central services	3,337,814	-	254,509
Operation and maintenance of plant	12,027,909	-	10,804
Student transportation	5,605,014	-	-
Food services operations	-	9,830,788	-
Community services operations	21,132	-	-
Capital outlay	192,593	-	-
Debt service:			
Principal	-	-	-
Interest	-	-	-
<b>Total expenditures</b>	<b>105,321,249</b>	<b>9,830,788</b>	<b>7,936,776</b>
<i>Excess (deficiency) of revenues over expenditures</i>	<b>6,518,482</b>	<b>(420,810)</b>	<b>-</b>
<i>Other financing sources (uses)</i>			
Proceeds from sale of capital assets	1,239	-	-
Bond proceeds	-	-	-
<b>Total other financing sources (uses)</b>	<b>1,239</b>	<b>-</b>	<b>-</b>
<i>Net change in fund balances</i>	6,519,721	(420,810)	-
<i>Fund balances - beginning</i>	31,996,403	14,161,337	-
<i>Fund balances - end of year</i>	<b>\$ 38,516,124</b>	<b>\$ 13,740,527</b>	<b>\$ -</b>

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

<b>Bond Building Capital Projects Fund 31100</b>	<b>Debt Service Fund 41000</b>	<b>Other Governmental Funds</b>	<b>Total</b>
\$ -	\$ 11,847,417	\$ 4,365,634	\$ 16,605,199
-	-	5,849,582	23,122,796
-	-	2,089,462	2,116,079
-	-	966,490	966,490
-	-	5,844,829	6,673,774
474,944	-	36,078	104,880,716
-	-	-	5,613,539
-	-	895,857	1,477,104
266,226	-	5,084	363,205
-	-	8,766	17,952
<u>741,170</u>	<u>11,847,417</u>	<u>20,061,782</u>	<u>161,836,854</u>
-	-	8,263,657	77,935,175
-	-	1,923,147	12,401,072
-	-	1,333,053	5,673,902
-	117,969	195,865	1,000,507
-	-	145,229	6,776,514
-	-	-	3,592,323
150,066	-	5,165,957	17,354,736
-	-	318,207	5,923,221
-	-	59,198	9,889,986
-	-	-	21,132
7,930,358	-	645,204	8,768,155
-	9,950,000	2,000,000	11,950,000
-	935,483	118	935,601
<u>8,080,424</u>	<u>11,003,452</u>	<u>20,049,635</u>	<u>162,222,324</u>
<u>(7,339,254)</u>	<u>843,965</u>	<u>12,147</u>	<u>(385,470)</u>
-	-	-	1,239
<u>9,500,000</u>	<u>-</u>	<u>2,000,000</u>	<u>11,500,000</u>
<u>9,500,000</u>	<u>-</u>	<u>2,000,000</u>	<u>11,501,239</u>
2,160,746	843,965	2,012,147	11,115,769
<u>17,414,999</u>	<u>11,172,271</u>	<u>14,680,771</u>	<u>89,425,781</u>
<u>\$ 19,575,745</u>	<u>\$ 12,016,236</u>	<u>\$ 16,692,918</u>	<u>\$ 100,541,550</u>

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

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**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2019

Exhibit B-2  
Page 2 of 2

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

Net change in fund balances - total governmental funds	\$ 11,115,769
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital expenditures	10,582,404
Depreciation expense	(14,255,073)

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

Change in unavailable revenue related to property taxes receivable	148,933
--	---------

Governmental funds report District pension and OPEB contributions as expenditures. However in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension expense:

District pension contributions subsequent to measurement date	10,630,235
District OPEB contributions subsequent to measurement date	1,529,940
Net Pension expense	(44,638,270)
Net OPEB expense	816,442

The issuance of long-term debt (e.g. bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Current year amortization of bond premiums and discounts	193,558
Bond proceeds	(11,500,000)
Increase in accrued compensated absences not due and payable	(68,041)
Increase in accrued interest payable	(47,379)
Principal payments on bonds	<u>11,950,000</u>

<i>Change in net position of governmental activities</i>	<u><u>\$ (23,541,482)</u></u>
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The accompanying notes are an integral part of these financial statements.

**STATE OF NEW MEXICO**  
 Gadsden Independent School District No. 16  
 General Fund - 11000, 13000, 14000  
 Statement of Revenues, Expenditures, and Changes in  
 Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2019

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variances Favorable (Unfavorable) Final to Actual</b>
	<b>Original</b>	<b>Final</b>		
<i>Revenues</i>				
Property taxes	\$ 377,876	\$ 377,876	\$ 391,040	\$ 13,164
Intergovernmental revenue:				
Federal flowthrough	140,000	140,000	256,237	116,237
Federal direct	10,000	10,000	26,617	16,617
State flowthrough	441,056	472,692	828,945	356,253
State direct	103,602,862	104,392,639	104,369,694	(22,945)
Transportation distribution	5,382,369	5,615,854	5,613,539	(2,315)
Charges for services	115,000	115,000	277,632	162,632
Investment income	2,000	2,000	69,224	67,224
Miscellaneous	-	-	5,695	5,695
<b>Total revenues</b>	<b>110,071,163</b>	<b>111,126,061</b>	<b>111,838,623</b>	<b>712,562</b>
<i>Expenditures</i>				
Current:				
Instruction	70,316,987	70,797,810	63,697,222	7,100,588
Support services - students	10,699,603	11,696,923	9,492,736	2,204,187
Support services - instruction	4,740,147	4,775,205	3,895,627	879,578
Support services - general administration	671,641	671,641	529,238	142,403
Support services - school administration	6,680,867	6,753,541	6,552,955	200,586
Central services	2,508,124	5,700,924	3,264,262	2,436,662
Operation and maintenance of plant	15,928,823	15,942,420	12,055,610	3,886,810
Student transportation	5,470,035	5,705,834	5,605,020	100,814
Other support services	10,356,233	15,555,535	-	15,555,535
Food services operations	10,981	10,981	-	10,981
Community services operations	66,500	66,500	21,132	45,368
Capital outlay	200,000	210,000	192,593	17,407
<b>Total expenditures</b>	<b>127,649,941</b>	<b>137,887,314</b>	<b>105,306,395</b>	<b>32,580,919</b>
<i>Excess (deficiency) of revenues over expenditures</i>	<b>(17,578,778)</b>	<b>(26,761,253)</b>	<b>6,532,228</b>	<b>33,293,481</b>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	17,578,778	26,761,253	-	(26,761,253)
Proceeds from sale of capital assets	-	-	1,239	1,239
<b>Total other financing sources (uses)</b>	<b>17,578,778</b>	<b>26,761,253</b>	<b>1,239</b>	<b>(26,760,014)</b>
<i>Net change in fund balance</i>	-	-	6,533,467	6,533,467
<i>Fund balance - beginning of year</i>	-	-	31,675,078	31,675,078
<i>Fund balance - end of year</i>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 38,208,545</b>	<b>\$ 38,208,545</b>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 6,533,467
Adjustments to revenues for taxes and intergovernmental revenue				1,108
Adjustments to expenditures for supplies and payroll expenditures				(14,854)
<b>Net change in fund balance (GAAP Basis)</b>				<b>\$ 6,519,721</b>

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



## STATE OF NEW MEXICO

Exhibit C-2

Gadsden Independent School District No. 16  
 Food Service Special Revenue Fund - 21000  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Intergovernmental revenue:				
Federal flowthrough	\$ 7,724,102	\$ 7,724,102	\$ 7,613,662	\$ (110,440)
State direct	165,000	165,000	-	(165,000)
Charges for services	165,000	165,000	303,615	138,615
Investment income	7,100	7,100	22,671	15,571
Miscellaneous	-	-	3,491	3,491
<i>Total revenues</i>	<u>8,061,202</u>	<u>8,061,202</u>	<u>7,943,439</u>	<u>(117,763)</u>
<i>Expenditures</i>				
Current:				
Food services operations	17,072,237	21,520,499	9,007,810	12,512,689
<i>Total expenditures</i>	<u>17,072,237</u>	<u>21,520,499</u>	<u>9,007,810</u>	<u>12,512,689</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(9,011,035)</u>	<u>(13,459,297)</u>	<u>(1,064,371)</u>	<u>12,394,926</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	9,011,035	13,459,297	-	(13,459,297)
<i>Total other financing sources (uses)</i>	<u>9,011,035</u>	<u>13,459,297</u>	<u>-</u>	<u>(13,459,297)</u>
<i>Net change in fund balance</i>	-	-	(1,064,371)	(1,064,371)
<i>Fund balance - beginning of year</i>	-	-	13,459,295	13,459,295
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,394,924</u>	<u>\$ 12,394,924</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (1,064,371)
Adjustments to revenues for federal grants				1,466,539
Adjustments for accounts payable and accrued payroll				(822,978)
<i>Net change in fund balance (GAAP Basis)</i>				<u>\$ (420,810)</u>

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

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**STATE OF NEW MEXICO**  
 Gadsden Independent School District No. 16  
 Title I Special Revenue Fund - 24101  
 Statement of Revenues, Expenditures, and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2019

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variances</b>
	<b>Original</b>	<b>Final</b>		<b>Favorable (Unfavorable) Final to Actual</b>
<i>Revenues</i>				
Intergovernmental revenue:				
Federal flowthrough	\$ 8,643,776	\$ 12,509,314	\$ 6,925,640	\$ (5,583,674)
<i>Total revenues</i>	<u>8,643,776</u>	<u>12,509,314</u>	<u>6,925,640</u>	<u>(5,583,674)</u>
<i>Expenditures</i>				
Current:				
Instruction	6,476,210	10,176,325	5,984,805	4,191,520
Support services	1,782,393	1,992,816	1,686,694	306,122
Central services	325,173	300,173	254,509	45,664
Operation and maintenance of plant	40,000	40,000	11,275	28,725
Student transportation	20,000	-	-	-
<i>Total expenditures</i>	<u>8,643,776</u>	<u>12,509,314</u>	<u>7,937,283</u>	<u>4,572,031</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>-</u>	<u>(1,011,643)</u>	<u>(1,011,643)</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	-	-	(1,011,643)	(1,011,643)
<i>Fund balance - beginning of year</i>	-	-	(2,138,644)	(2,138,644)
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,150,287)</u>	<u>\$ (3,150,287)</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ (1,011,643)
Adjustments to revenues for federal grants				1,011,136
Adjustments to expenditures for accounts payable and accrued payroll				507
<i>Net change in fund balance (GAAP Basis)</i>				<u>\$ -</u>

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

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Statement of Fiduciary Net Position  
June 30, 2019

Exhibit D-1

	<b>Private Purpose Trust Funds</b>	<b>Custodial Funds</b>
<i>Current assets</i>		
Cash and cash equivalents	\$ 112,698	\$ 729,631
<i>Total assets</i>	\$ 112,698	\$ 729,631
 <i>Current liabilities</i>		
Accounts payable	\$ -	\$ 14,406
Accrued payroll	-	105
Due to student organizations	-	715,120
<i>Total liabilities</i>	-	729,631
 <i>Net Position</i>		
Restricted net position	112,698	-
<i>Total net position</i>	\$ 112,698	\$ -

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

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Statement of Changes in Fiduciary Net Position  
June 30, 2019

Exhibit D-2

	<b>Private Purpose Trust Funds</b>	<b>Custodial Funds</b>
<i>Additions:</i>		
Investment earnings	\$ 36	\$ -
Contributions and donations from private sources	7,948	776,323
<i>Total additions</i>	7,984	776,323
 <i>Deductions:</i>		
Operating expenditures	11	-
Scholarships	9,000	-
Student activity expenditures	-	781,472
<i>Total deductions</i>	9,011	781,472
Change in net position	(1,027)	
Beginning net position	113,725	
Ending net position	\$ 112,698	
Change in liabilities held for others		(5,149)
Beginning liabilities held for others		720,269
Ending liabilities held for others		\$ 715,120

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

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Notes to Financial Statements  
June 30, 2019

**NOTE 1. Summary of Significant Accounting Policies**

The Gadsden Independent School District No. 16 was created under the provision of Chapter 22 Article 5, Paragraph 4, New Mexico Statutes 1978 to provide public education for the children within the District. The School Board is authorized to establish policies and regulations for its own government consistent with the laws of the State of New Mexico and the regulations of the NM Public Education Department and the Legislative Finance Committee. The School Board is comprised of five members who are elected for terms of four years.

The School Board operates twenty-three schools within the District. In conjunction with the regular education programs, all of these schools offer special education. In addition, the School Board provides transportation for the students.

The summary of significant accounting policies of the District is presented to assist in the understanding of the District's financial statements. The financial statements and notes are the representation of Gadsden Independent School District No. 16's management, who is responsible for their integrity and objectivity. The financial statements of the Gadsden Independent School District No. 16 (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the District's accounting policies are described below.

During the year ended June 30, 2019, the District adopted GASB Statements No. 83, *Certain Asset Retirement Obligations*, No. 84, *Fiduciary Activities*, No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* as required by GAAP. None of these pronouncements have a significant impact on these financial statements.

*A. Financial Reporting Entity*

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14 as amended by GASB Statement No. 39. 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 the potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the District has one component unit as described in the following paragraphs, and is not a component unit of another governmental agency.

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Notes to Financial Statements  
June 30, 2019

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*A. Financial Reporting Entity (continued)*

The Gadsden Foundation Inc. is a blended component unit of the District, as defined by GASB Statements No. 14, as amended by GASB Statement No. 39, and has a separate governing board. The Foundation does not issue separate financial statements. The Foundation is governed by a fifteen-member board composed of the Superintendent of the District, eleven appointed members, and four officers.

*B. 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 primary government. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have business-type activities as of June 30, 2019.

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

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise fund are reported as separate columns in the fund financial statements. The District does not have any enterprise funds.

*C. Measurement focus, basis of accounting, and financial statement presentation*

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-Exchange Transactions*. Property taxes are recognized as revenues in the year for which the taxes are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Notes to Financial Statements  
June 30, 2019

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*C. Measurement focus, basis of accounting, and financial statement presentation (continued)*

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

The *fiduciary funds* are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Fiduciary funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the District holds for others in an custodial capacity.

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

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 Fund:*

The *Operational Fund* is used to account for the State Equalization Guarantee from the NM State Legislature and is the primary operating fund of the District, and accounts for all financial resources, except those required to be accounted for in other funds. Authority for the creation of this fund is the New Mexico Public Education Department.

The *Transportation Fund* is used to account for the costs associated with transporting school age children to and from school. Authority for the creation of this fund is the New Mexico Public Education Department.

The *Instructional Materials Fund* is used to account for the monies received from the State Department of Education for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students. Authority for the creation of this fund is the New Mexico Public Education Department.

*Special Revenue Funds:*

The *Student Nutrition Program Fund (21000)* is used to account for income from meal sales, State and Federal reimbursements and to make cash disbursements for activities dealing with preparation and serving of meals. Authority for the creation of this fund is the New Mexico Public Education Department.



**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Notes to Financial Statements  
June 30, 2019

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*C. Measurement focus, basis of accounting, and financial statement presentation (continued)*

*Special Revenue Funds (continued):*

*Title I (24101)* – The major objectives of the Title I program are to provide supplemental educational opportunity for academically disadvantaged children in the area of residing. Campuses are identified for program participation by the percentage of students on free or reduced-price lunches. Any school with a free and reduced-price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criterion that identifies a campus; educational need determines the students to be served. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Education. Authorized by the Elementary and Secondary Education Act (ESEA) of 1965, as amended by the No Child Left Behind Act of 2001, Title I, Part A (Public Law 107-110).

*Capital Projects Funds:*

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

*Debt Service Funds:*

The *Debt Service Fund* is used to account for the accumulation of resources for the payment of General Long-Term Debt principal and interest. Authority for the creation of this fund is the New Mexico Public Education Department.

Additionally, the government reports the following fund types:

*Fiduciary Funds:*

The fiduciary funds are purely custodial (assets equal liabilities) and do not involve measurement of results of operations. These funds account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, or student organizations.

The *Private Purpose Trust Fund* is used to account for monies bequeathed by a former teacher, Machree Causey, to provide for a scholarship each year to a graduating senior from Gadsden High School who has shown an interest in business subjects. This fund also accounts for monies bequeathed by Jim O'Toole to provide scholarships to students from Santa Teresa High School and Gadsden High School to be given based on recommendations by School Administrators. The principal amounts are to be maintained intact and invested. Investment earnings are to be used for the scholarships. Funds related to the private purpose trust fund are held in one account in conjunction with the Gadsden Foundation, Inc. However, for reporting purposes the amounts are reported separately.

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Notes to Financial Statements  
June 30, 2019

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*C. Measurement focus, basis of accounting, and financial statement presentation (continued)*

The *Gadsden Foundation, Inc.* is a blended component unit used to account for donations and charitable contributions received for the purpose of providing scholarships to eligible graduates of the District and for the general support of the Gadsden Independent School District No. 16.

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

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayer or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues. 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 includes revenues received from state and federal sources such as Title I and IDEA-B to be used as specified within each program grant agreement, and (c) program-specific capital grants and contributions, which include revenues from the state resources 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 and other items not properly included among program revenues.

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with the function. The District does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function, except for that portion of depreciation that is identified as unallocated in the Statement of Activities. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

*D. Assets, Liabilities and Net Position or Equity*

**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 twelve months or less from the date of acquisition.

State statutes authorize the District to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool.

Investments for the District are reported at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The State Treasurer's Investment 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. As of June 30, 2019, the District did not hold any pool shares in the State Treasurer's Investment Pool.

**Fair Value Measurements:** The fair value framework uses a hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). As of June 30, 2019, there are no items are required to be valued using valuation techniques.

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Notes to Financial Statements  
June 30, 2019

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*D. Assets, Liabilities and Net Position or Equity (Continued)*

**Restricted Assets:** Restricted assets are those that are set aside for restrictions resulting from enabling legislation for future capital outlay expenditures and debt service payments. The District's restricted assets are made up of debt service funds that cannot be spent in the subsequent year.

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

The District receives monthly income from a tax levy in Dona Ana and Otero Counties. The funds are collected by the County Treasurer and are remitted to the District in the following month. Under the modified accrual method of accounting, the amount remitted by the Dona Ana and Otero County Treasurers in July and August is considered 'measurable and available' and, accordingly, is recorded as revenue in the governmental fund financial statements during the year ended June 30, 2019. Period of availability is deemed to be sixty days subsequent to year end for property taxes and ninety days subsequent to year end for other nonexchange revenues.

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

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

The cost of purchased inventory is recorded as an expenditure at the time individual inventory items are consumed. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories.

**Capital Assets:** Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000, per section 12-6-10 NMSA 1978, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. 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. Donated capital assets are recorded at estimated fair market value at the date of donation. Information Technology Equipment including software is being capitalized and included in furniture, fixtures, and equipment in accordance with NMAC 2.20.1.9 C (5).

The District was a phase II government for purposes of implementing GASB Statement No. 34. However, the District does not have any infrastructure assets to report.

**STATE OF NEW MEXICO**  
 Gadsden Independent School District No. 16  
 Notes to Financial Statements  
 June 30, 2019

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*D. Assets, Liabilities and Net Position or Equity (Continued)*

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction during the year ended June 30, 2019.

Capital expenditures made on the District’s building construction projects by the New Mexico Public School Facilities Authority are included in the District’s capital assets as appropriate.

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

Land improvements	20 years
Buildings/building improvements	10-50 years
Furniture and equipment	5-20 years
Vehicles	10-20 years

**Accrued Payroll Liabilities:** In the fund financial statements, governmental fund types recognize the accrual of unpaid salaries, wages, and benefits that employees earned prior to the end of the fiscal year. The amount recognized in the fund financial statements represents the amounts due to employees or due to third parties for the employee benefits.

**Deferred Outflows of Resources:** In addition to assets, the balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until that time. The District has four types of items that qualify for reporting in this category related to the pension and OPEB plans which are discussed at Notes 10 and 11.

**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, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The District has one type of item, which arises under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue – property taxes, are reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The District has recorded \$2,032,121 related to property taxes that are considered “unavailable”. The District also has items related to the pension and OPEB plans which are discussed at Notes 10 and 11.

**Compensated Absences:** Qualified employees are entitled to earn and accumulate annual leave according to a graduated leave schedule of up to 40 days per year, depending on length of service, the employee’s hire date, and employment status. Employees may accumulate and carry forward, from one fiscal year to the next, up to 40 days of annual leave. Upon termination, employees will be paid for up to 40 days of accrued annual leave depending on employment status.

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Notes to Financial Statements  
June 30, 2019

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*D. Assets, Liabilities and Net Position or Equity (Continued)*

Qualified employees are entitled to accumulate general leave according to a graduated leave schedule of up to 15 days per year with no limit on the amount to be carried forward, depending on length of service, the employee's hire date, and employment status. Effective May 2013, employees will be paid for unused general leave upon retirement, on a graduated scale for accumulated days over 30, provided they meet specific criteria based on years of service.

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

**Long-term Obligations:** In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method or the straight-line method if the difference from the effective interest method is inconsequential.

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

**Net Position and Fund Equity:** Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The detail of the District's fund balances is presented on the face of the fund financial statements.

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

*Net investment in capital assets:* Consists of capital assets including restricted capital assets, net of accumulated depreciation 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:* Consist of net position with "legally enforceable" constraints placed on the use, either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Legally enforceable means that a government can be compelled by an external party – such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation, only for the purposes specified by the legislation. Generally, the enforceability of an enabling legislation restriction is determined by professional judgment. If it is determined that the restrictions continue to be legally enforceable, then for the purposes of financial reporting, the restricted net position should not reflect any reduction for resources used for purposes not stipulated by the enabling legislation. Descriptions for the related restrictions for net position are restricted for "debt service or capital projects."

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Notes to Financial Statements  
June 30, 2019

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*D. Assets, Liabilities and Net Position or Equity (Continued)*

*Unrestricted Net Position:* All other net positions that do not meet the definition of “restricted” or “net investment in capital assets”.

The government-wide Statement of Net Position reports \$44,394,032 of restricted net position related to grants, capital projects and debt service.

**Fund Balance:** In the fund financial statements, governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. For committed and assigned fund balance, the District’s highest level of decision-making authority is the Board of Education. Formal action by the Board of Education is required to establish a fund balance commitment or assignment.

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

In the governmental fund financial statements, fund balance is classified and displayed in five components, as displayed below:

*Nonspendable:* Consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. At June 30, 2019, the nonspendable fund balance of the District is comprised of inventory in the General and Food Services funds, \$676,092 and \$447,555, respectively, which are not in spendable form.

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

*Committed:* Consist of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District’s Board of Education. Those committed amounts cannot be used for any other purpose unless the District’s Board of Education removes or changes the specified use by taking formal action.

*Assigned:* Consist of amounts that are constrained by the District's *intent* to be used for specific purposes, but are neither restricted nor committed. Formal action by the District’s Board of Education is required to assign amounts to be used for specific purposes.

*Unassigned:* Represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund except for those other governmental funds reflecting a deficit.

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

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Notes to Financial Statements  
June 30, 2019

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*D. Assets, Liabilities and Net Position or Equity (Continued)*

All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.

**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 and the net pension and OPEB liabilities (including the related components).

*E. Revenues*

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

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Secretary of the Public Education Department. The District received \$104,369,694 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. Tax revenues are recognized when they are in the hands of the collecting agency. The District records only the portion of the taxes considered to be 'measurable' and 'available' on a modified accrual basis. The District recognized \$16,605,199 in tax revenues 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.

Property taxes attach an enforceable lien on property as of January 1. Tax notices are sent to property owners by November 1<sup>st</sup> of each year to be paid in whole or in two installments by November 10<sup>th</sup> and April 10<sup>th</sup> of each year. Dona Ana and Otero Counties collect County, City, and School taxes and distributes them to each fund once per month except in June when the taxes are distributed twice to close out the fiscal year.

**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 the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$5,613,539 in transportation distributions during the year ended June 30, 2019.

**STATE OF NEW MEXICO**  
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**NOTE 1. Summary of Significant Accounting Policies (continued)**

*E. Revenues (Continued)*

**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 \$441,735.

**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.

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.

During fiscal year 2019, the District did not receive any special capital outlay funds. The District did, however, receive \$471,969 from PSFA which flows through the Bond Building Capital Project Fund.

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

The district received \$2,186,465 in state SB-9 matching during the year end June 30, 2019.



**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Notes to Financial Statements  
June 30, 2019

**NOTE 1. Summary of Significant Accounting Policies (continued)**

*E. Revenues (Continued)*

**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.

*F. Pensions*

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

*G. 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.

**NOTE 2. Stewardship, Compliance and Accountability**

*Budgetary Information*

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

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.

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Notes to Financial Statements  
June 30, 2019

**NOTE 2. Stewardship, Compliance and Accountability (continued)**

*Budgetary Information - (Continued)*

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 general public, is open for the general public unless a closed meeting has been called.
4. The "operating" budget will be approved by the local board at an open board meeting and then will be integrated formally into the accounting system prior to July 1st. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
5. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the SBFAB.
6. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the New Mexico Public Education Department.
7. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the District and approved by the SBFAB.
8. Legal budgetary control for expenditures is at the function level.
9. Appropriations lapse at fiscal year-end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of Gadsden Independent Schools 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.
10. 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.

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Notes to Financial Statements  
June 30, 2019

**NOTE 2. Stewardship, Compliance and Accountability (continued)**

*Budgetary Information - (Continued)*

11. 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. New Mexico state law prohibits a Governmental Agency from exceeding an individual function.

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

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

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

	<b>Excess (deficiency) of revenues over expenditures</b>	
	<b>Original Budget</b>	<b>Final Budget</b>
Budgeted Funds:		
General Fund	\$ (17,578,778)	\$ (26,761,253)
Food Service Special Revenue Fund	\$ (9,011,035)	\$ (13,459,297)
Title I Special Revenue Fund	\$ -	\$ -

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

The reconciliation between the Non-GAAP budgetary basis amounts and the financial statements on the GAAP basis for each governmental fund is included in the individual budgetary comparison. The District budgets on a modified cash basis with respect to payroll or held checks being accrued and expensed, therefore, fund balances on the budget statements do not reconcile to cash due to the District’s accrued payroll which is presented on the accrual basis.

**NOTE 3. Deposits and Investments**

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, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2019.

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

**STATE OF NEW MEXICO**  
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Notes to Financial Statements  
June 30, 2019

**NOTE 3. Deposits and Investments (continued)**

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

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments. The collateral pledged is listed on Schedule II of this report. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

**Deposits:**

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk, other than the following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978.) At June 30, 2019, \$31,150,756 of the District's deposits of \$31,860,756 was exposed to custodial credit risk. \$17,288,017 was uninsured and collateralized by collateral held by the pledging bank's trust department, not in the District's name. As of June 30, 2019, \$13,862,739 is uninsured and uncollateralized. As of June 30, 2019, the carrying amount of these deposits was \$30,471,766; total amount of deposits of \$31,860,756 less outstanding items of \$1,388,990. 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 a 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.

	<b>Wells Fargo Bank</b>	<b>First American Bank</b>	<b>Bank of the West</b>	<b>Total</b>
Amount of deposits	\$ 17,100,176	\$ 210,000	\$ 14,550,580	\$ 31,860,756
FDIC Coverage	<u>(250,000)</u>	<u>(210,000)</u>	<u>(250,000)</u>	<u>(710,000)</u>
Total uninsured public funds	<u>16,850,176</u>	<u>-</u>	<u>14,300,580</u>	<u>31,150,756</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	<u>10,115,614</u>	<u>-</u>	<u>7,172,403</u>	<u>17,288,017</u>
Uninsured and uncollateralized	<u>\$ 6,734,562</u>	<u>\$ -</u>	<u>\$ 7,128,177</u>	<u>\$ 13,862,739</u>
Collateral requirement (50% of uninsured funds)	\$ 8,425,088	\$ -	\$ 7,150,290	\$ 15,575,378
Pledged Collateral	<u>10,115,614</u>	<u>-</u>	<u>7,172,403</u>	<u>17,288,017</u>
Over (Under) collateralized	<u>\$ 1,690,526</u>	<u>\$ -</u>	<u>\$ 22,113</u>	<u>\$ 1,712,639</u>

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Notes to Financial Statements  
June 30, 2019

**NOTE 3. Deposits and Investments (continued)**

**Deposits: (continued)**

Certificates of deposits with maturity dates of three months or less were included in the total amount of deposits.

**Investments:**

As of June 30, 2019, the District had the following short-term investments and maturities:

<u>Short-term Investment Types</u>	<u>Fair Value</u>	<u>Short-term Investments Maturities Less than 1 year</u>
Repurchase Agreements	\$ 56,458,527	\$ 56,458,527

Statutes require collateral pledged for repurchase agreements in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one hundred and two percent of the amount on deposit with the institution. The schedule listed below discloses requirements on reporting the insured portion of the District's repurchase agreements.

	<b>Wells Fargo Bank</b>	<b>First American Bank</b>	<b>Bank of the West</b>	<b>Total</b>
Amount of repurchase agreements	\$ 54,135,942	\$ 2,322,585	\$ -	\$ 56,458,527
FDIC Coverage	-	-	-	-
Total uninsured public funds	54,135,942	2,322,585	-	56,458,527
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the District's name	54,135,942	2,322,585	-	56,458,527
Uninsured and uncollateralized	\$ -	\$ -	\$ -	\$ -
Collateral requirement (102% of uninsured funds)	\$ 55,218,661	\$ 2,369,037	\$ -	\$ 57,587,698
Pledged Collateral	55,218,661	2,885,711	-	58,104,372
Over (Under) collateralized	\$ -	\$ 516,674	\$ -	\$ 516,674

*Custodial credit risk – Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its short-term investments or collateral securities that are in the possession of an outside party. Of the District's \$56,458,527 in repurchase agreements, the entire balance is uninsured and collateralized by collateral of underlying securities held by the investment's counterparty not in the name of the District. The District's policy related to short-term investments is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). The carrying value of the District's repurchase agreements at June 30, 2019 was \$56,458,527.

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

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Notes to Financial Statements  
June 30, 2019

**NOTE 3. Deposits and Investments (continued)**

**Investments: (continued)**

In addition, the District has investments held with New Mexico Finance Authority (NMFA) for bonds in the amount of \$10,928,255. These funds are backed by the full faith and credit of the U.S. government, therefore, there is no custodial, foreign, or interest rate risk subject to disclosure for the District. These are classified as cash equivalents due the liquidity of the funds.

Reconciliation to the Statement of Net Position:

Cash and cash equivalents- Governmental Activities Exhibit A-1	\$ 82,578,807
Restricted cash and cash equivalents- Governmental Activities Exhibit A-1	14,550,580
Fiduciary funds - Exhibit D-1	<u>729,631</u>
Total cash and cash equivalents	97,859,018
Plus: reconciling items	1,388,990
Less NM Finance Authority	(10,928,255)
Less: petty cash	<u>(470)</u>
Bank balance of deposits/ repurchase agreements	<u><u>\$ 88,319,283</u></u>

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Notes to Financial Statements  
June 30, 2019

**NOTE 4. Receivables**

Receivables as of June 30, 2019 are as follows:

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Title I</u>	<u>Bond Building</u>
Property taxes receivable	\$ 49,993	\$ -	\$ -	\$ -
Due from other governments:				
Federal sources	-	939,545	3,150,414	-
State sources	-	-	-	-
Other receivables:				
Miscellaneous	5,080	-	-	-
	<u>\$ 55,073</u>	<u>\$ 939,545</u>	<u>\$ 3,150,414</u>	<u>\$ -</u>
		<b>Other</b>		
	<b>Debt Service</b>	<b>Governmental</b>		
	<b>Fund</b>	<b>Funds</b>	<b>Total</b>	
Property taxes receivable	\$ 1,762,203	\$ 660,026	\$ 2,472,222	
Due from other governments:				
Federal sources	-	2,630,574	6,720,533	
State sources	-	2,602,788	2,602,788	
Other receivables:				
Miscellaneous	-	-	5,080	
	<u>\$ 1,762,203</u>	<u>\$ 5,893,388</u>	<u>\$ 11,800,623</u>	

In accordance with GASB No. 33, property tax revenues in the amount of \$2,032,121, which were not collected within the period of availability have been reclassified as deferred inflows of resources-property taxes and grants in the governmental fund financial statements. All of the above receivables are deemed to be fully collectible.

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

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

The District did not have any net operating transfers for the year ended June 30, 2019.

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

<u>Due from Other Funds</u>	<u>Due to Other Funds</u>	<u>Amount</u>
Operational - 11000	Title I IASA - 24101	\$ 2,879,071
Operational - 11000	Migrant Children Education - 24103	26,889
Operational - 11000	IDEA-B Entitlement - 24106	1,039,448
Operational - 11000	New Mexico Autism Project - 24108	4,653
Operational - 11000	IDEA-B Preschool - 24109	21,592
Operational - 11000	Striving Readers Compr. Literacy Initiative - 24145	210,570
Operational - 11000	English Language Acquisition - 24153	325,260
Operational - 11000	Teacher/Principal Training/Recruiting - 24154	394,713
Operational - 11000	Immigrant Funding - 24163	13,057
Operational - 11000	Carl D Perkins Special Projects - Current - 24171	15,425
Operational - 11000	Carl D Perkins - 24174	80,465
Operational - 11000	Carl D Perkins - 24176	10,945
Operational - 11000	Dual Credit Instructional Materials - 27103	7,287
Operational - 11000	2012 GO Bond Student Library - 27107	94,869
Operational - 11000	New Mexico Reads to Lead - 27114	24,819
Operational - 11000	Pre-K Initiative - 27149	468,443
Operational - 11000	Excellence in Teaching - 27155	1,761
Operational - 11000	Kindergarten - Three Plus - 27166	350,165
Operational - 11000	NM Grown Fresh Fruit and Vegetable - 27183	4,473
Operational - 11000	K3 Plus 4 & 5 Pilot - 27198	151,577
Operational - 11000	CYFD Parents as Teachers Model - 28193	72
Operational - 11000	Capital Improvements SB-9 31700	693,517
	Total	<u>\$ 6,819,071</u>

All Interfund balances are expected to be paid within one year.



**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Notes to Financial Statements  
June 30, 2019

**NOTE 6. Capital Assets**

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

	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance June 30, 2019</u>
<b>Governmental activities:</b>				
Capital assets not depreciated				
Land	\$ 2,559,939	\$ -	\$ -	\$ 2,559,939
Construction in process	9,907,894	4,521,358	(9,907,895)	4,521,357
Total assets not depreciated	<u>12,467,833</u>	<u>4,521,358</u>	<u>(9,907,895)</u>	<u>7,081,296</u>
Capital assets depreciated				
Land Improvements	14,946,992	1,696,937	-	16,643,929
Buildings	445,139,908	11,833,727	-	456,973,635
Equipment and furniture	14,066,978	2,438,277	-	16,505,255
Total assets depreciated	<u>474,153,878</u>	<u>15,968,941</u>	<u>-</u>	<u>490,122,819</u>
Total assets	486,621,711	20,490,299	(9,907,895)	497,204,115
Less accumulated depreciation for:				
Land Improvements	9,423,115	700,570	-	10,123,685
Buildings	138,075,966	12,806,302	-	150,882,268
Equipment and furniture	10,891,602	748,201	-	11,639,803
Total accumulated depreciation	<u>158,390,683</u>	<u>14,255,073</u>	<u>-</u>	<u>172,645,756</u>
<b>Governmental activities capital assets, net</b>	<u><u>\$ 328,231,028</u></u>	<u><u>\$ 6,235,226</u></u>	<u><u>\$ (9,907,895)</u></u>	<u><u>\$ 324,558,359</u></u>

Depreciation expense for the year ended June 30, 2019 was charged to governmental activities as follows:

Instruction	\$ 6,912,228
Support Services – Students	1,099,917
Support Services – Instruction	503,503
Support Services – General Administration	88,196
Support Services – School Administration	601,993
Central Services	312,041
Operations / Maintenance of Plant	1,072,335
Transportation Services	530,817
Food Services	804,054
Community Services Operations	1,874
Unallocated	2,328,115
Total	<u><u>\$ 14,255,073</u></u>

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**NOTE 7. Long-Term Debt**

*General Obligation Bonds:*

The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The original amount of the outstanding general obligation bonds as of June 30, 2019 was \$84,680,000. General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued with varying terms and varying amounts of principal maturing each year. All general obligation bonds as of June 30, 2019 are for governmental activities.

General obligation bonds outstanding at June 30, 2019, are comprised of the following:

	Series <u>11/19/2010</u>	Series <u>10/26/2011</u>	Series <u>12/12/2012</u>	Series <u>10/16/2013</u>
Original Issue:	\$7,250,000	\$8,250,000	\$12,180,000	\$9,500,000
Principal Due:	August 15	August 15	August 15	August 15
Interest Due:	February 15 August 15	February 15 August 15	February 15 August 15	February 15 August 15
Interest Rates:	0.648% - 2.838%	2.00% - 3.00%	2.00% - 3.00%	2.00% - 3.00%
Maturity Date:	08/15/2020	8/15/2021	08/15/2022	08/15/2023
	Series <u>10/29/2014</u>	Series <u>10/14/2015</u>	Series <u>10/18/2016</u>	Series <u>10/20/2017</u>
Original Issue:	\$9,500,000	\$9,500,000	\$9,500,000	\$9,500,000
Principal Due:	August 15	August 15	August 15	August 15
Interest Due:	February 15 August 15	February 15 August 15	February 15 August 15	February 15 August 15
Interest Rates:	2.00% - 4.00%	2.00% - 2.12%	1.00% - 2.00%	.92% - 2.2%
Maturity Date:	08/15/2024	08/15/2025	08/15/2026	08/15/2027
	Series <u>10/19/2018</u>			
Original Issue:	\$9,500,000			
Principal Due:	August 15			
Interest Due:	February 15 August 15			
Interest Rates:	1.58% - 2.57%			
Maturity Date:	08/15/2028			

*Lease Purchase Notes:*

The District issues Education Technology General Obligation Lease Purchase Certificates of Participation (Lease Purchase Notes) under the terms of a lease-purchase agreement by and between the District and the New Mexico Public Schools Education Technology Assistance Foundation, LLC pursuant to the Education Technology Equipment Act, NMSA 1978, §§ 6-15A-1 to 6-15A-16 for the purchase of technology related equipment and improvements as allowed under this Act. The original amount of the outstanding lease purchase notes as of June 30, 2019 was \$2,000,000. All lease purchase notes are for governmental activities.

All lease purchase notes outstanding in the prior year were paid off during the year ended June 30, 2019.

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**NOTE 7. Long-Term Debt (continued)**

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

	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019	Due Within One Year
General Obligation Bonds	\$ 45,405,000	\$ 9,500,000	\$ 9,950,000	\$ 44,955,000	\$ 9,625,000
Lease Purchase Notes	-	2,000,000	2,000,000	-	-
Compensated Absences	1,412,109	497,282	429,241	1,480,150	477,978
<b>Total long-term debt</b>	<b>\$ 46,817,109</b>	<b>\$ 11,997,282</b>	<b>\$ 12,379,241</b>	<b>\$ 46,435,150</b>	<b>\$ 10,102,978</b>

The annual requirements to amortize the General Obligation Bonds as of June 30, 2019, including interest payments are as follows. The interest rates range from 0.648% to 4.00% with maturity dates until August 15, 2028.

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2020	\$ 9,625,000	\$ 826,072	\$ 10,451,072
2021	7,425,000	664,947	8,089,947
2022	6,025,000	525,017	6,550,017
2023	5,475,000	404,805	5,879,805
2024	4,925,000	295,805	5,220,805
2025-2029	11,480,000	436,567	11,916,567
	<b>\$ 44,955,000</b>	<b>\$ 3,153,213</b>	<b>\$ 48,108,213</b>

In prior years, the general fund was typically used to liquidate long-term liabilities other than general obligation bonds and lease purchase notes.

Compensated Absences – Administrative employees of the District are able to accrue a limited amount of annual leave and all employees are able to accrue an unlimited amount of general leave during the year. During fiscal year June 30, 2019, compensated absences increased \$47,763 for annual leave and increased \$20,278 for general leave over the prior year accrual. See Note 1 for more details.

Operating Leases – The District leases office equipment under short-term cancelable operating leases. Rental costs for the year ended June 30, 2019 was \$904,712.

**NOTE 8. Risk Management**

The District is a member of the New Mexico Public Schools Insurance Authority (NMPSIA). The Authority was created to provide comprehensive core insurance programs by expanding the pool of subscribers to maximize cost containment opportunities for required insurance coverage. The District pays an annual premium to the NMPSIA based on claim experience and the status of the pool. The Risk Management Program includes Workers Compensation, General and Automobile Liability, Automobile Physical Damage, and Property and Crime coverage. Also included under the risk management program are Boiler and Machinery, Underground Storage Tanks and Catastrophic Student Accident Insurance.

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**NOTE 8. Risk Management (continued)**

The NMPSIA provides coverage for up to a maximum of \$750,000,000 for each property damage claim with a \$25,000 deductible for each building. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$1,250,000 per occurrence for Faithful Performance. A limit of \$1,250,000 applies to Depositor's Forgery, Credit Card Forgery and Money Orders. A limit of \$100,000 applies to Money and Security, with all crime coverage subject to a \$750 deductible.

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

**NOTE 9. Other Required Individual Fund Disclosures**

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

- A. Deficit fund balance of individual funds: The District reported no deficit fund balance at June 30, 2019.
- B. Excess of expenditures over appropriations: No funds of the District exceeded approved budgetary authority at the fund level for the year ended June 30, 2019.
- C. Designated cash appropriations in excess of available balance: No funds of the District exceeded the budgeted cash appropriations for the year ended June 30, 2019.

**NOTE 10. Pension Plan – Educational Retirement Board**

**General Information about the Pension Plan**

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

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

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

All accumulated assets are held by the Plan in trust to pay benefits, including refunds of contributions as defined in the terms of the Plan. Eligibility for membership in the Plan is a condition of employment, as defined 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.

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**NOTE 10. Pension Plan – Educational Retirement Board (continued)**

**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.

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 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.

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**NOTE 10. Pension Plan – Educational Retirement Board (continued)**

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

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

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

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

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

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

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

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**NOTE 10. Pension Plan – Educational Retirement Board (continued)**

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

Contributions – For the fiscal year 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 years ended June 30, 2019 and 2018, the District paid employee and employer contributions of \$18,592,716 and \$17,829,132, which equal the amount of the required contributions for each fiscal year.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – At June 30, 2019, the District reported a liability of \$290,029,563 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, 2018, the District’s proportion was 2.43900% percent, which was a decrease of .26375% percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$44,638,270. At June 30, 2019, District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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**NOTE 10. Pension Plan – Educational Retirement Board (continued)**

	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflow of Resources</b>
Differences between expected and actual experience	\$ 211,674	\$ 5,519,729
Net difference between expected and actual investments on pension plan investments	642,051	-
Changes of assumptions	59,773,722	-
Changes in proportion	498,896	15,219,274
District's contributions subsequent to the measurement date	10,630,235	-
Total	\$ 71,756,578	\$ 20,739,003

\$10,630,235 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$	28,340,949
2020		15,765,581
2021		(3,727,640)
2022		8,450
2023		-
Thereafter		-

*Actuarial assumptions.* The total pension liability as of June 30, 2018 was based on an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 and was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry age normal
Inflation	2.50%
Salary Increases	Composed of 2.50% inflation, plus 0.75% productivity increase rate, plus step-rate promotional increases for less than 10 years of service
Investment Rate of Return	7.25%
Single Discount Rate	5.69%
Retirement Age	Experience based 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	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.



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**NOTE 10. Pension Plan – Educational Retirement Board (continued)**

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.

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.

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 Plan'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.

	<b>1% Decrease (4.69%)</b>	<b>Current Discount Rate (5.69%)</b>	<b>1% Increase (6.69%)</b>
District's proportionate share of the net pension liability	\$ 376,927,351	\$ 290,029,563	\$ 219,126,390

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

**Payables to the pension plan.** At June 30, 2019, the District owed the ERB \$2,859,381 for the contributions withheld in the month of June 2019.

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**NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan**

*General Information about the OPEB*

**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 benefit	11,471
Current active members	<u>93,349</u>
	<u>156,025</u>
Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	17,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	<u>48,756</u>
	<u>93,349</u>

**Contributions** – Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the District were \$2,295,049 for the year ended June 30, 2019.

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**NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan (continued)**

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

At June 30, 2019, the District reported a liability of \$74,758,655 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 1.71924 percent.

For the year ended June 30, 2019, the District recognized OPEB expense of (\$816,442). At June 30, 2019 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflow of Resources</b>
Differences between expected and actual experience	\$ -	\$ 4,426,191
Net difference between expected and actual investments on OPEB plan investments	-	932,960
Changes of assumptions	-	13,957,109
Changes in proportion	-	3,384,580
District’s contributions subsequent to the measurement	1,529,940	-
Total	\$ 1,529,940	\$ 22,700,840

Deferred outflows of resources totaling \$1,529,940 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:

2019	\$	(5,624,917)
2020		(5,624,917)
2021		(5,624,917)
2022		(4,507,168)
2023		(1,318,921)

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**NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan (continued)**

**Actuarial assumptions.** The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2017 that was rolled forward to a measurement date of June 30, 2018. The mortality, retirement, disability, turnover and salary increase assumptions for PERA members are based on the PERA annual valuation as of June 30, 2016 and for ERB members are based on the ERB actuarial experience study as of June 30, 2016. The following actuarial assumptions were applied to the actuary’s measurement:

Valuation Date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB; 2.25% for PERA
Projected payroll increases	3.50% to 12.50% based on years of service, including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs
Mortality	ERB members: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females) PERA members: RP-2000 Combined Healthy Mortality

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

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

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

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June 30, 2019

**NOTE 11. Post-Employment Benefits – State Retiree Health Care Plan (continued)**

**Discount Rate.** The discount rate used to measure the Fund’s total OPEB liability is 4.08% as of June 30, 2017. 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 District, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08 percent) or 1-percentage-point higher (5.08 percent) than the current discount rate:

	<b>1% Decrease (3.08%)</b>	<b>Current Discount Rate (4.08%)</b>	<b>1% Increase (5.08%)</b>
District’s proportionate share of the net OPEB liability	\$ 90,475,577	\$ 74,758,655	\$ 62,370,218

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:

	<b>1% Decrease</b>	<b>Current Trend Rate</b>	<b>1% Increase</b>
District’s proportionate share of the net OPEB liability	\$ 63,197,274	\$ 74,758,655	\$ 83,823,038

**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 reported a payable of \$352,635 for outstanding contributions due to NMRHCA for the year ended June 30, 2019.

**NOTE 12. Tax Sheltered Annuity Plan**

The District offers its employees a tax-sheltered annuity plan created in accordance with Internal Revenue Code Section 403(b). The plan, available to all employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amount of compensation deferred under the plan are remitted by the District to the various plan administrators and the District has no further claim to these funds. Investments are managed by respective plan trustees. All contributions withheld from employees have been transferred to the annuity companies with which the employee has selected to invest their funds.

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Notes to Financial Statements  
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**NOTE 13. Construction and Other Significant Commitments**

The District has committed to pay for several construction contracts that were not completed at June 30, 2019 in the amount of \$6,690,862 as follows:

<u>Contract</u>	<u>Year Ending</u>	<u>Amount</u>
Desert Trail HVAC Systems Upgrade 2017	2019	421,288
CHS Envelope	2019	30,946
CMS 120V power to dugouts	2019	90,562
GAC Door Handel Replacement 2018-19	2019	47,775
GAC Entry project	2019	33,945
Gadsden High School Boys Gym 2018-19	2019	1,986,424
Gadsden HS Phase III Part III	2019	80,039
GHS Track resurface	2019	224,851
GMS SPED classroom renovation	2019	14,521
La Mesa PreK Bldg Improvement	2019	53,081
Loma Linda HVAC Systems Upgrade 2017	2019	669,703
Mesquite RTU for Multipurpose Room 2018-19	2019	223,360
On Track Pre-K Renovation at GAC 2018-19	2019	283,267
RS Original Bldg. Metal Roof Replacement 2018-19	2019	963,127
SNP Complex Re roofing	2019	22,441
STHS Carpet replacement	2019	13,980
STHS HVAC replacement	2019	70,323
STHS Science labs	2019	91,572
STHS Security Upgrades 2018-19	2019	39,709
STHS Track resurface	2019	233,262
STHS Turf replacement	2019	512,664
Sunland Park Door upgrade	2019	187,375
Sunland Park Elem Shelter 2018-19	2019	100,055
Vado Elementary Re-Piping	2019	181,652
Vado Shelter 2018-19	2019	114,940
Total Outstanding Commitments		<u>\$ 6,690,862</u>

**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. Subsequent Events**

The date to which events occurring after June 30, 2019, the date of the most recent Statement of Net Position, have been evaluated for possible adjustment to the financial statements or disclosures is October 11, 2019.

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Notes to Financial Statements  
June 30, 2019

**NOTE 15. Subsequent Events (continued)**

On August 9, 2018 the Gadsden Independent School District No. 16 Board of Education passed resolutions authorizing the issuance and sale of the following debt:

Series 2019 General Obligation School Building Bonds  
Bond Amount: \$9,500,000  
Closing Date: 10/11/2019  
Maturity Date: 8/15/2029  
Interest Rate: 1.03% to 1.42%

Gadsden Independent School District No. 16 authorized issuance of General Obligation School Building Bonds, Series 2019, in the amount of \$9,500,000 to provide funds for construction within the District.

On September 5, 2019 the Gadsden Independent School District No. 16 Board of Education passed resolutions authorizing the issuance and sale of the following debt:

Series 2019 Lease Purchase Notes  
Note Amount: \$2,000,000  
Closing Date: 10/9/2019  
Maturity Date: 10/10/2019  
Interest Rate: 2.162%

Gadsden Independent School District No. 16 authorized issuance of Lease Purchase Notes, Series 2019, in the amount of \$2,000,000 to provide funds for technology needs within the District.

In February 2018 new bonds in the amount of \$38,000,000 were approved by voters. This debt authorization will be sold over a four-year period from 2018 to 2021. \$9,500,000 of this debt authorization was sold in 2018 and 2019. It is anticipated that \$9,500,000 will be issued in 2020. The remaining amount to be issued will be dependent on the available bonding capacity which is impacted by the assessed valuation of the property within the boundaries of the District.

In early July of 2019, the District discovered and reported that it had been a target of a ransomware attack. The ransomware virus sent to the District managed to encrypt the district's servers and domain controllers which affected computers, phone and email service. The District believes personnel and student information have not been compromised. The District has incurred \$1.2 million in cyber-intrusion expenses in the first quarter of 2019-2020. The District may incur additional cost as the investigation and remediation efforts continue. These expenditures were unforeseen and thus were not part of the District's beginning operating budget. Notice of the ransomware incident has been reported to the New Mexico Public Schools Insurance Authority.

**NOTE 16. 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.

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Notes to Financial Statements  
June 30, 2019

**NOTE 17. Tax Abatements**

In accordance with GASB Statement No. 77, the District provides the following disclosures regarding foregone tax revenue due to various agreements.

<b>Agency Number</b>	5007
<b>Agency Name</b>	Doña Ana County
<b>Agency Type</b>	Local Government
<b>Tax Abatement Agreement Name</b>	Industrial Revenue Bond (IRB)
<b>Recipient(s) of tax abatement</b>	Monarch Litho Inc.
<b>Tax abatement program (name and brief description)</b>	Industrial Revenue Bonds: Are a type of loan issued by Doña Ana County to assist a private company that might otherwise be unable to obtain financing for its industrial venture or unwilling to undertake the project on its own. The County's goal in providing the debt securities is to improve the economic and employment conditions of the Santa Teresa region.
<b>Specific Tax(es) Being Abated</b>	100% of real and personal property taxes to be abated during bond term.
<b>Legal authority under which tax abatement agreement was entered into</b>	Board of County Commissioners of Doña Ana County.
<b>Criteria that make a recipient eligible to receive a tax abatement</b>	A project that will promote the local health, general welfare, safety, convenience and prosperity of the inhabitants of the County.
<b>How are the tax abatement recipient's taxes reduced? (For example: through a reduction of assessed value)</b>	The property was deeded over to Doña Ana County (DAC), therefore stopping the tax bill to Monarch Litho. Instead of paying yearly taxes the company, based on the contract will make a yearly PILOT payment. Monarch Litho will pay a yearly administrative fee of \$1,500 and a PILOT payment to both DAC and Gadsden Independent School District.
<b>How is the amount of the tax abatement determined? For example, this could be a specific dollar amount, a percentage of the tax liability, etc.</b>	The tax abatement is determined based on Resolution No. 2010-71. Based on the "County Industrial Revenue Bond Act", Sections 4-59-1 to 4-59-16 inclusive, NMSA 1978, as amended, which authorizes Doña Ana County, New Mexico to issue industrial development bonds and to acquire projects as defined in the Act. The amount of tax abatement is the entire tax liability until the bond is paid in full.
<b>Are there provisions for recapturing abated taxes? (Yes or No)</b>	No
<b>List each specific commitment made by the recipient of the abatement.</b>	Monarch Litho Inc. will build a 75, 000 square foot facility, followed by two 75, 000 square foot expansions within a five year phase. The facility will be used for the Company's commercial printing operations. Create a total of 180 jobs with a cumulative payroll of \$4,454,400 for the first 10 years of the Bond Issuance.
<b>Gross dollar amount, on an accrual basis, by which the government's tax revenues were reduced during the reporting period as a result of the tax abatement agreement.</b>	Based on the Doña Ana County tax rate table for 2018 the amount of tax abatement is \$91,884.32
<b>For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency or another agency in association with the foregone tax revenue, list the authority for and describe the payment, including the agency that is supposed to receive the payment</b>	The IRB was authorized by the Doña Ana County Board of County Commissioners. PILOT payments will be made to both Doña Ana County and Gadsden Independent School District. Based on the lease agreement and the tax rates.
<b>For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year</b>	Doña Ana County received the following from Monarch Litho: PILOT \$19,099.01.
<b>For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by a different agency in association with the foregone tax revenue, list the name of the agency and the amount of payments received in the current fiscal year</b>	Gadsden Independent School District received the following from Monarch Litho: PILOT \$26,962.80.
<b>Are any other governments affected by this tax abatement agreement? (Yes or No) If yes, list each affected agency and complete an intergovernmental disclosure for each such agency.</b>	Yes, Gadsden Independent School District.



**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Notes to Financial Statements  
June 30, 2019

**NOTE 17. Tax Abatements (continued)**

<b>Agency number for Agency making the disclosure (Abating Agency)</b>	5007
<b>Abating Agency Name</b>	Doña Ana County
<b>Abating Agency Type</b>	Local Government
<b>Tax Abatement Agreement Name</b>	Industrial Revenue Bond
<b>Name of agency affected by abatement agreement (Affected Agency)</b>	Gadsden Independent School District
<b>Agency number of Affected Agency</b>	
<b>Agency type of Affected Agency</b>	School District
<b>Recipient(s) of tax abatement</b>	Monarch Litho Inc.
<b>Tax abatement program (name and brief description)</b>	Industrial Revenue Bonds. Based on the "County Industrial Revenue Bond Act", Sections 4-59-1 to 4-59-16 inclusive, NMSA 1978, as amended, which authorizes Doña Ana County, New Mexico to issue industrial development bonds and to acquire projects as defined in the Act.
<b>Specific Tax(es) Being Abated</b>	100% of real and personal property taxes to be abated during bond term.
<b>Authority under which abated tax would have been paid to Affected Agency</b>	Board of County Commissioners of Doña Ana County.
<b>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</b>	Based on the Doña Ana County tax rate table for 2018 the amount of tax abatement is \$46,296.02.
<b>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</b>	\$26,962.80.
<b>If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission</b>	None

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Notes to Financial Statements  
June 30, 2019

**NOTE 17. Tax Abatements (continued)**

<b>Agency Number</b>	5007
<b>Agency Name</b>	Doña Ana County
<b>Agency Type</b>	Local Government
<b>Tax Abatement Agreement Name</b>	Industrial Revenue Bond (IRB)
<b>Recipient(s) of tax abatement</b>	NRG Solar Roadrunner Holdings, LLC.
<b>Parent company(ies) of recipient(s) of tax abatement</b>	NRG Energy Inc.
<b>Tax abatement program (name and brief description)</b>	Industrial Revenue Bonds: Are a type of loan issued by Doña Ana County to assist a private company that might otherwise be unable to obtain financing for its industrial venture or unwilling to undertake the project on its own. The County's goal in providing the debt securities is to improve the economic and employment conditions of the Santa Teresa region.
<b>Specific Tax(es) Being Abated</b>	100% of real and personal property taxes to be abated during bond term.
<b>Legal authority under which tax abatement agreement was entered into</b>	Board of County Commissioners of Doña Ana County.
<b>Criteria that make a recipient eligible to receive a tax abatement</b>	A project that will promote the local health, general welfare, safety, convenience and prosperity of the inhabitants of the County.
<b>How are the tax abatement recipient's taxes reduced? (For example: through a reduction of assessed value)</b>	The property was deeded over to DAC, therefore stopping the tax bill to NRG Solar. Instead of paying yearly taxes the company, based on the contract will make a yearly PILOT payment until the bond is paid in full. NRG Solar will pay a yearly administrative fee of \$10,000 and a PILOT payment to DAC of \$47,000 and a PILOT payment to Gadsden School District of \$67,000.
<b>How is the amount of the tax abatement determined? For example, this could be a specific dollar amount, a percentage of the tax liability, etc.</b>	The tax abatement is determined based on Resolution No. 2010-71. Based on the "County Industrial Revenue Bond Act", Sections 4-59-1 to 4-59-16 inclusive, NMSA 1978, as amended, which authorizes Doña Ana County, New Mexico to issue industrial development bonds and to acquire projects as defined in the Act. The amount of tax abatement is the entire tax liability until the bond is paid in full.
<b>Are there provisions for recapturing abated taxes? (Yes or No)</b>	No
<b>If there are provisions for recapturing abated taxes, describe them, including the conditions under which abated taxes become eligible for recapture.</b>	N/A
<b>List each specific commitment made by the recipient of the abatement.</b>	NRG Solar will develop a photovoltaic solar power generating facility and provide jobs to the local community.
<b>Gross dollar amount, on an accrual basis, by which the government's tax revenues were reduced during the reporting period as a result of the tax abatement agreement.</b>	Based on the Doña Ana County tax rate table for 2018 the amount of tax abatement is \$8,144.88.
<b>For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency or another agency in association with the foregone tax revenue, list the authority for and describe the payment, including the agency that is supposed to receive the payment</b>	The IRB was authorized by the Doña Ana County Board of County Commissioners. PILOT payments in the amount of \$47,000 are to be paid to Doña Ana County and \$67,000 to Gadsden Independent School District.
<b>For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by your agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year</b>	Doña Ana County received the following from NRG Solar: PILOT \$47,000 \$10,000 Admin Fee
<b>For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by a different agency in association with the foregone tax revenue, list the name of the agency and the amount of payments received in the current fiscal year</b>	Gadsden Independent School District (GISD) should be receiving \$67,000 in PILOT payment. GISD bills NRG Solar directly.
<b>List each specific commitment made by your agency or any other government, other than the tax abatement.</b>	None
<b>Are any other governments affected by this tax abatement agreement? (Yes or No) If yes, list each affected agency and complete an intergovernmental disclosure for each such agency.</b>	Yes, Gadsden Independent School District.
<b>If your agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission.</b>	None

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Notes to Financial Statements  
June 30, 2019

**NOTE 17. Tax Abatements (continued)**

<b>Agency number for Agency making the disclosure (Abating Agency)</b>	5007
<b>Abating Agency Name</b>	Doña Ana County
<b>Abating Agency Type</b>	Local Government
<b>Tax Abatement Agreement Name</b>	Industrial Revenue Bond
<b>Name of agency affected by abatement agreement (Affected Agency)</b>	Gadsden Independent School District
<b>Agency number of Affected Agency</b>	
<b>Agency type of Affected Agency</b>	School District
<b>Recipient(s) of tax abatement</b>	NRG Solar Roadrunner Holdings, LLC.
<b>Tax abatement program (name and brief description)</b>	Industrial Revenue Bonds. Based on the "County Industrial Revenue Bond Act", Sections 4-59-1 to 4-59-16 inclusive, NMSA 1978, as amended, which authorizes Doña Ana County, New Mexico to issue industrial development bonds and to acquire projects as defined in the Act.
<b>Specific Tax(es) Being Abated</b>	100% of real and personal property taxes to be abated during bond term.
<b>Authority under which abated tax would have been paid to Affected Agency</b>	Board of County Commissioners of Doña Ana County.
<b>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</b>	Based on the Doña Ana County tax rate table for 2018 the amount of tax abatement is \$4,103.81.
<b>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</b>	The IRB was authorized by the Doña Ana County Board of County Commissioners. PILOT payments in the amount of \$47,000 are to be paid to Doña Ana County and \$67,000 to Gadsden Independent School District.
<b>If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission</b>	None
<b>Agency number for Agency making the disclosure (Abating Agency)</b>	5007
<b>Abating Agency Name</b>	Doña Ana County
<b>Abating Agency Type</b>	Local Government
<b>Tax Abatement Agreement Name</b>	Industrial Revenue Bond
<b>Name of agency affected by abatement agreement (Affected Agency)</b>	Doña Ana Branch Community College
<b>Agency number of Affected Agency</b>	
<b>Agency type of Affected Agency</b>	Community College
<b>Recipient(s) of tax abatement</b>	NRG Solar Roadrunner Holdings, LLC.
<b>Tax abatement program (name and brief description)</b>	Industrial Revenue Bonds. Based on the "County Industrial Revenue Bond Act", Sections 4-59-1 to 4-59-16 inclusive, NMSA 1978, as amended, which authorizes Doña Ana County, New Mexico to issue industrial development bonds and to acquire projects as defined in the Act.
<b>Specific Tax(es) Being Abated</b>	100% of real and personal property taxes to be abated during bond term.
<b>Authority under which abated tax would have been paid to Affected Agency</b>	Board of County Commissioners of Doña Ana County.
<b>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</b>	Based on the Doña Ana County tax rate table for 2018 the amount of tax abatement is \$305.13.
<b>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</b>	None
<b>If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission</b>	None

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Notes to Financial Statements  
June 30, 2019

**NOTE 17. Tax Abatements (continued)**

Agency number for Agency making the disclosure (Abating Agency)	5007
Abating Agency Name	Doña Ana County
Abating Agency Type	Local Government
Tax Abatement Agreement Name	Industrial Revenue Bond
Name of agency affected by abatement agreement (Affected Agency)	Gadsden Independent School District
Agency number of Affected Agency	
Agency type of Affected Agency	School District
Recipient(s) of tax abatement	MCS Realty Partners, LLC.
Tax abatement program (name and brief description)	Industrial Revenue Bonds. Based on the "County Industrial Revenue Bond Act", Sections 4-59-1 to 4-59-16 inclusive, NMSA 1978, as amended, which authorizes Doña Ana County, New Mexico to issue industrial development bonds and to acquire projects as defined in the Act.
Specific Tax(es) Being Abated	100% of real and personal property taxes to be abated during bond term.
Authority under which abated tax would have been paid to Affected Agency	Board of County Commissioners of Doña Ana County.
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	At the time of the assessment the land was classified as farm land without a building. Based on the Doña Ana County tax rate table for 2018 the amount of tax abatement is \$59,509.21.
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	None
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	None

**NOTE 18. Subsequent Pronouncement**

In June 2017, GASB Statement No. 87 *Leases*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after December 15, 2019. The District is still evaluating the significance of the impact from this pronouncement on its financial statements.

In June 2018, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The standard will be implemented during the fiscal year ended June 30, 2021. The District is still evaluating how this pronouncement will affect the financial statements.

In August 2019, GASB Statement No. 90, *Majority Equity Interest-an amendment of GASB Statements No. 14 and No. 61*, was issued. Effective Date: The provisions of this Statement are effective for fiscal years beginning after December 15, 2020. The District does not expect this pronouncement to have a material effect on the financial statements.

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Notes to Financial Statements  
June 30, 2019

**NOTE 18. Subsequent Pronouncement (continued)**

In May 2019, GASB Statement No. 91, *Conduit Debt Obligations*, was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The District does not expect this pronouncement to have a material effect on the financial statements.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Schedule of Proportionate Share of the Net Pension Liability  
Educational Retirement Board (ERB) Pension Plan  
Last 10 Fiscal Years\*

	<b>2019 Measurement Date (As of and for the Year Ended June 30, 2018)</b>	<b>2018 Measurement Date (As of and for the Year Ended June 30, 2017)</b>
Gadsden Independent School District No. 16 proportion of the net pension liability (asset)	2.43900%	2.70275%
Gadsden Independent School District No. 16 proportionate share of the net pension liability (asset)	\$ 290,029,563	\$ 300,369,262
Gadsden Independent School District No. 16 covered-payroll	73,412,971	76,970,678
Gadsden Independent School District No. 16 proportionate share of the net pension liability (asset) as a percentage of its covered-payroll	395%	390%
Plan fiduciary net position as a percentage of the total pension liability	52.17%	52.95%

\* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Gadsden Independent School District No. 16 will present information for those years for which information is available.

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



<b>2017 Measurement Date (As of and for the Year Ended June 30, 2016)</b>	<b>2016 Measurement Date (As of and for the Year Ended June 30, 2015)</b>	<b>2015 Measurement Date (As of and for the Year Ended June 30, 2014)</b>
2.69988%	2.6683%	2.6332%
\$ 194,295,070	\$ 172,835,476	\$ 150,245,048
77,109,981	75,848,460	72,581,397
252%	228%	207%
61.58%	63.97%	66.54%

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

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Schedule of Contributions  
Educational Retirement Board (ERB) Pension Plan  
Last 10 Fiscal Years\*

	<u>As of and for the Year Ended June 30, 2019</u>	<u>As of and for the Year Ended June 30, 2018</u>
Contractually required contribution	\$ 10,630,235	\$ 10,204,223
Contributions in relation to the contractually required contribution	<u>10,630,235</u>	<u>10,204,223</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
 Gadsden Independent School District No. 16's covered-payroll	 76,499,501	 73,412,971
 Contribution as a percentage of covered payroll	 13.90%	 13.90%

\* The amounts presented were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, Gadsden Independent School District No. 16 will present information for those years for which information is available.

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

<b>As of and for the Year Ended June 30, 2017</b>	<b>As of and for the Year Ended June 30, 2016</b>	<b>As of and for the Year Ended June 30, 2015</b>
\$ 10,698,016	\$ 10,718,204	\$ 10,542,936
<u>10,698,016</u>	<u>10,718,204</u>	<u>10,542,936</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
76,970,678	77,109,981	75,848,460
13.90%	13.90%	13.90%

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

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**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Notes to Required Supplementary Information  
June 30, 2019

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

*Changes in assumptions and methods.* Actuarial assumptions and methods are set by the Board of Trustee, based upon recommendation 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 3.5% to 3.00%, and the annual assumed COLA from 2.00% to 1.90%.

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

**STATE OF NEW MEXICO**

Schedule B-1

Gadsden Independent School District No. 16  
 Schedule of Proportionate Share of the Net OPEB Liability  
 Retiree Health Care OPEB Plan  
 Last 10 Fiscal Years\*

	<b>2019</b>	<b>2018</b>
	<b>Measurement</b>	<b>Measurement</b>
	<b>Date (As of and</b>	<b>Date (As of and</b>
	<b>for the Year</b>	<b>for the Year</b>
	<b>Ended June 30,</b>	<b>Ended June 30,</b>
	<b>2018)</b>	<b>2017)</b>
	<hr/>	<hr/>
Gadsden Independent School District No. 16's proportion of the net OPEB liability (asset)	1.71924%	1.79297%
Gadsden Independent School District No. 16's proportionate share of the net OPEB liability (asset)	\$ 74,758,655	\$ 81,251,538
Gadsden Independent School District No. 16's covered payroll	73,412,968	74,688,807
Gadsden Independent School District No. 16's proportionate share of the net OPEB liability as a percentage of its covered payroll	102%	109%
Plan fiduciary net position as a percentage of the total OPEB liability	13.14%	11.34%

\* Governmental Accounting Standards Board Statement No. 75 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for Gadsden Independent School District No. 16 is not available prior to fiscal year 2018, the year the statement's requirements became effective.

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

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Schedule of Contributions  
Retiree Health Care OPEB Plan  
Last 10 Fiscal Years\*

Schedule B-2

	<b>As of and for the Year Ended June 30, 2019</b>	<b>As of and for the Year Ended June 30, 2018</b>
Contractually required contribution	\$ 1,529,940	\$ 1,468,259
Contributions in relation to the contractually required contribution	1,529,940	1,468,259
Contribution deficiency (excess)	\$ -	\$ -
Gadsden Independent School District No. 16's covered payroll	76,501,646	73,412,968
Contribution as a percentage of covered payroll	2.00%	2.00%

\* Governmental Accounting Standards Board Statement No. 75 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for Gadsden Independent School District No. 16 is not available prior to fiscal year 2018, the year the statement's requirements became effective.

**Notes to Required Supplementary Information**

**RHC Plan**

*Changes of Benefit Terms*

Recent changes in benefits are described in the financial statement note disclosure covering the Other Post-Employment Benefits (OPEB) – Retiree Health Trust.

*Changes of Assumptions*

Changes in actuarial assumptions are described in the financial statement note disclosure covering the Other Post-Employment Benefits (OPEB) – Retiree Health Trust.

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

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

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## **SUPPLEMENTARY INFORMATION**

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**NONMAJOR GOVERNMENTAL FUNDS**

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Nonmajor Governmental Fund Descriptions  
June 30, 2019

**Special Revenue Funds**

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

**Non-Instructional Support (23000)** – To account for budgeted revenues and expenditures which relate to student activities other than athletics. Authority for the creation of this fund is the New Mexico Public Education Department.

**Migrant Children Education (24103)** – To account for federal resources administered by the State Public Education Department to provide for special educational needs of migratory agricultural workers. Authorized by the Elementary and Secondary Education Act (ESEA) of 1965, as amended by the No Child Left Behind Act of 2001, Title I, Part C (Public Law 107-110).

**Entitlement IDEA-B (Entitlement IDEA-B - 24106)** - To account for a program funded by a Federal grant to assist the schools in providing free appropriate public education to all handicapped children. Authorized by the Individuals with Disabilities Education Act of 2004, Title I, Part B (Public Law 108-446).

**New Mexico Autism Project (24108)** – To account for a sub-grant to be used to support the District's implementation of the New Mexico Autism Project and improve the outcomes for students with Autism Spectrum Disorders. Authority for creation of this fund is the New Mexico Public Education Department.

**Preschool IDEA-B (24109)** – The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from ages three to five. Authorized by the Individuals with Disabilities Education Act of 2004, Title I, Part B (Public Law 108-446).

**Striving Readers Comprehensive Literacy Initiative (24145)** – The funding for this award must be used to advance pre-literacy and literacy skills by developing a continuum of language, emergent literacy, literacy supports for children from birth through grade 12 using interventions with moderate or strong evidence of effectiveness.

**English Language Acquisition (24153)** – To provide funds to improve the educational performance of limited English proficient students by assisting the children to learn English and meet State academic content standards. Authorized by the Elementary and Secondary Education Act, as amended by the No Child Left Behind Act of 2001, Title III (Public Law 107-110).

**Teacher/Principal Training & Recruiting (24154)** – To improve the skills of teachers and the quality of instruction in mathematics and science, and also to increase the accessibility of such instruction to all students. Authorized by the Elementary and Secondary Education Act of 1965, as amended by the No Child Left Behind Act of 2001, Title II, Part A, Sec. 2101-2151 (Public Law 107-110).

**Immigrant Funding Title III (24163)** – Funds allocated to the District to support additional programs to improve the education performance of limited English proficient students by assisting the children to learn English and meet State academic content standards. Authorized by the Elementary and Secondary Education Act of 1965, as amended by the No Child Left Behind Act of 2001, Title III, Part B (Public Law 107-110).

**Carl D. Perkins (Special Projects - Current - 24171)** - This fund is a sub-award of the Information Technology Computer Science Pathway Project (IT-CS Pathway) initiative funding through Special Projects of the Carl D. Perkins career and Technical Education Act of 2006. CFDA number-84.048A

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Nonmajor Governmental Fund Descriptions  
June 30, 2019

**Special Revenue Funds**

**Carl Perkins Special Projects Unliquidated Obligations (24172)** – Unliquidated Obligations for Carl Perkins Special Projects Computer Science Grant for Santa Teresa High School and Alta Vista Early College High School. Carl Perkins Special Projects was Fund 24171 in 2017-2018 and becomes Fund 24172 for Unliquidated amount in 2018-2019. The awarded Carl Perkins Special Project funding will be utilized to launch two new Career Technical Education pathways in the Gadsden ISD.

**Carl D. Perkins (Secondary – Current - 24174) (Secondary Redistribution - 24176)** - The objective of this grant is to provide secondary and post-secondary educational institutions the opportunity to develop, implement, and operate programs using different models of curricula that integrate vocational and academic learning. Authorized by the Carl D. Perkins Vocational and Technical Education Act of 1998 (Public Law 105-332).

**Student Support Academic Achievement Title IV (24189)** – This fund is a sub-award for funding through the Student Support and Academic Enrichment Program. This sub-award supports well-rounded educational opportunities, safe and healthy students and effective use of technology. CFDA number- 84.424A

**Title XIX Medicaid 3/21 Years (25153)** – To account for funds to provide school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children. Authority for creation of this fund is the New Mexico Public Education Department.

**Save The Children (26143)** – Grant funds used to provide children, who are struggling readers from Berino Elementary and Mesquite Elementary, a safe place with daily literacy activities, guided physical activities, and healthy snacks. Authority for creation of this fund is the New Mexico Public Education Department.

**Spaceport GRT Grant – Dona Ana County (26204)** – To account for funds received from Dona Ana County to be used to supplement science, technology, engineering, and math programs for Grades 6 through 12. Authority for creation of this fund is the New Mexico Public Education Department.

**The Bridge of Southern New Mexico (26215)** – Grant funds awarded from The Bridge of Southern New Mexico Daniels Fund Grant to expand Early College High Schools throughout New Mexico. Authority for creation of this fund is the New Mexico Public Education Department.

**Dual Credit Instructional Materials (27103)** – To account for legislative appropriations for dual credit instructional materials. Instructional materials are for courses approved by the NM Higher Education Department and through an approved agreement between the District and a college/university. Authority for the creation of this fund is the New Mexico Public Education Department.

**2012 GO Bond Student Library (27107)** – To account for funds provided to be used for library resource acquisitions, including library books for public school libraries. Authority for the creation of this fund is the New Mexico Public Education Department.

**NM Reads to Lead K-3 Initiative (27114)** – Funds appropriated by the NM Legislature to support the implementation of the New Mexico Reads to Lead initiative for grades K-3. Authority for the creation of this fund is the New Mexico Public Education Department.

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Nonmajor Governmental Fund Descriptions  
June 30, 2019

**Special Revenue Funds**

**Excellence in Teaching (27125)** – House Bill 2 established this fund to recognize teachers earning the highest distinction on NMTEACH with a one-time non-reoccurring stipend of \$5,000 or \$10,000 with the larger awards for secondary math and science teachers and teachers in MRI designated schools. The District must issue monetary awards to identified teachers by December 21, 2018.

**Pre-K Initiative (27149)** – To account for legislative appropriations for the purpose of providing high quality Pre-K services that align to NM Pre-K standards to underserved 4-year-olds in the District. To expand early childhood educational capacity so that all families of 4-year-olds in the district who want to enroll their child in a high-quality Pre-K program can do so, regardless of income or ethnicity. Authority for the creation of this fund is the New Mexico Public Education Department.

**Breakfast for Elementary Students (27155)** – To account for legislative appropriations to implement Breakfast in the Classroom for elementary schools in need of improvement based on AYP designation. Authority for the creation of this fund is the New Mexico Public Education Department.

**Kindergarten - Three Plus (27166)** – To account for legislative appropriations to provide an extended school year for kindergarten through third grade students. The program focuses on acclimating young students to the structure of a classroom environment and spending additional instructional time to prepare students for the next grade level. Authority for the creation of this fund is the New Mexico Public Education Department.

**NM Grown Fresh Fruit and Vegetable (27183)** – The purpose of the New Mexico Grown Fresh Fruit and Vegetable funding is to purchase only New Mexico grown fresh produces to be used in our district's school meal and snack programs.

**K-3 Plus 4 & 5 PILOT (27198)** – This program provides funding for additional educational time for students in kindergarten through fifth grade with at least 25 instructional days, beginning up to two months earlier than the regular school year.

**NM Highway Dept (Road) (28120)** - The purpose of this budget in 2017-18 for the Local Government Road Fund Program (LGRF) for the design, construction management and parking lot improvements of the school district parking lots and access roads as per Cooperative Agreement.

**CYFD Parents As Teachers Model (28193)** – To account for funding provided from a collaborative with the NM Children, Youth and Families Department (CYFD) to support the Parents As Teachers Model in the District. The Parents As Teachers Model supports families of children, prenatal through age five, who request support in the areas of parent-child interaction, development centered parenting, and family wellbeing. Authority for creation of this fund is the New Mexico Public Education Department.

**Industrial Revenue Bonds Payments In lieu of Taxes (29135)** – Funds received from a Solar Facility located in the District. Funds are for student creation of this fund is the New Mexico Public Education Department.

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Nonmajor Governmental Fund Descriptions  
June 30, 2019

**Capital Projects Funds**

**Capital Improvement 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. Pursuant to Chapter 338 of Laws of 2001, a portion of the proceeds from supplemental severance tax bonds are dedicated for the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) as it pertains to the State Match.

**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).

**Educational Technology Equipment Act (31900)** – To account for funding which is to be used by the District to promote the comprehensive integration of advances technologies in education setting, through the conduct of technical assistance, professional development, information and resource dissemination and collaboration activities. Authorization is NMSA 22-15A-1.

**Debt Service Funds**

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

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2019

Statement A-1

	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Debt Service</b>	<b>Total</b>
<i>Assets</i>				
Cash and cash equivalents	\$ 9,403,327	\$ 3,631,314	\$ 2,850,929	\$ 15,885,570
Receivables:				
Property taxes	-	318,968	341,058	660,026
Due from other governments	3,924,035	1,309,327	-	5,233,362
<i>Total assets</i>	\$ 13,327,362	\$ 5,259,609	\$ 3,191,987	\$ 21,778,958
 <i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 37,477	\$ 37,268	\$ -	\$ 74,745
Accrued payroll	525,183	-	-	525,183
Due to other funds	3,246,483	693,517	-	3,940,000
<i>Total liabilities</i>	3,809,143	730,785	-	4,539,928
 <i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	-	266,536	279,576	546,112
<i>Total deferred inflows of resources</i>	-	266,536	279,576	546,112
 <i>Fund balances</i>				
<i>Spendable:</i>				
<i>Restricted for:</i>				
Extracurricular activities	1,579,660	-	-	1,579,660
Education	7,938,559	-	-	7,938,559
Capital acquisitions and improvements	-	4,262,288	-	4,262,288
Debt service	-	-	2,912,411	2,912,411
<i>Total fund balances</i>	9,518,219	4,262,288	2,912,411	16,692,918
 <i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$ 13,327,362	\$ 5,259,609	\$ 3,191,987	\$ 21,778,958

See independent auditors' report.



**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2019

Statement A-2

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total</u>
<i>Revenues</i>				
Property taxes	\$ -	\$ 1,985,771	\$ 2,379,863	\$ 4,365,634
Intergovernmental revenue:				
Federal flowthrough	5,849,582	-	-	5,849,582
Federal direct	2,089,462	-	-	2,089,462
Local sources	966,490	-	-	966,490
State flowthrough	3,658,364	2,186,465	-	5,844,829
State direct	33,788	2,290	-	36,078
Charges for services	895,857	-	-	895,857
Investment income	4	5,080	-	5,084
Miscellaneous income	8,441	325	-	8,766
<i>Total revenues</i>	<u>13,501,988</u>	<u>4,179,931</u>	<u>2,379,863</u>	<u>20,061,782</u>
<i>Expenditures</i>				
Current:				
Instruction	8,263,657	-	-	8,263,657
Support services - students	1,923,147	-	-	1,923,147
Support services - instruction	1,333,053	-	-	1,333,053
Support services - general admin	152,268	19,784	23,813	195,865
Support services - school admin	145,229	-	-	145,229
Operation and maintenance of plant	24,485	5,141,472	-	5,165,957
Student transportation	318,207	-	-	318,207
Food services operations	59,198	-	-	59,198
Capital outlay	33,853	611,351	-	645,204
Debt service:				
Principal	-	-	2,000,000	2,000,000
Interest	-	-	118	118
<i>Total expenditures</i>	<u>12,253,097</u>	<u>5,772,607</u>	<u>2,023,931</u>	<u>20,049,635</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,248,891</u>	<u>(1,592,676)</u>	<u>355,932</u>	<u>12,147</u>
<i>Other financing sources (uses)</i>				
Bond proceeds	-	2,000,000	-	2,000,000
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>
<i>Net change in fund balances</i>	1,248,891	407,324	355,932	2,012,147
<i>Fund balances - beginning</i>	<u>8,269,328</u>	<u>3,854,964</u>	<u>2,556,479</u>	<u>14,680,771</u>
<i>Fund balances - end of year</i>	<u>\$ 9,518,219</u>	<u>\$ 4,262,288</u>	<u>\$ 2,912,411</u>	<u>\$ 16,692,918</u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2019

	<b>Athletics 22000</b>	<b>Non Instructional Support 23000</b>	<b>Migrant Children Education 24103</b>	<b>IDEA-B Entitlement 24106</b>
<i>Assets</i>				
Cash and cash equivalents	\$ 950,393	\$ 647,637	\$ -	\$ -
Receivables:				
Due from other governments	-	-	31,811	1,222,275
<b>Total assets</b>	<b>\$ 950,393</b>	<b>\$ 647,637</b>	<b>\$ 31,811</b>	<b>\$ 1,222,275</b>
 <i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ 18,370	\$ -	\$ 2,603
Accrued payroll	-	-	4,922	179,866
Due to other funds	-	-	26,889	1,039,448
<b>Total liabilities</b>	<b>-</b>	<b>18,370</b>	<b>31,811</b>	<b>1,221,917</b>
 <i>Fund balances</i>				
<i>Spendable:</i>				
<i>Restricted for:</i>				
Extracurricular activities	950,393	629,267	-	-
Education	-	-	-	358
<b>Total fund balances</b>	<b>950,393</b>	<b>629,267</b>	<b>-</b>	<b>358</b>
 <i>Total liabilities, deferred inflows of resources, and fund balances</i>	 <b>\$ 950,393</b>	 <b>\$ 647,637</b>	 <b>\$ 31,811</b>	 <b>\$ 1,222,275</b>

See independent auditors' report.

<b>New Mexico Autism Project 24108</b>	<b>IDEA-B Preschool 24109</b>	<b>Striving Readers Compr. Literacy Initiative 24145</b>	<b>English Language Acquisition 24153</b>	<b>Teacher/Princi pal Training &amp; Recruitment 24154</b>
\$ -	\$ -	\$ -	\$ -	\$ -
4,653	23,115	216,441	328,766	471,345
<u>\$ 4,653</u>	<u>\$ 23,115</u>	<u>\$ 216,441</u>	<u>\$ 328,766</u>	<u>\$ 471,345</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	1,523	5,871	3,506	76,632
4,653	21,592	210,570	325,260	394,713
<u>4,653</u>	<u>23,115</u>	<u>216,441</u>	<u>328,766</u>	<u>471,345</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 4,653</u>	<u>\$ 23,115</u>	<u>\$ 216,441</u>	<u>\$ 328,766</u>	<u>\$ 471,345</u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2019

	<b>Immigrant Funding 24163</b>	<b>Carl D Perkins Special Projects - Current 24171</b>	<b>Carl Perkins Special Projects Unliq. Oblig. 24172</b>	<b>Carl D Perkins Secondary - Current 24174</b>
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables:				
Due from other governments	13,691	15,848	-	84,717
<i>Total assets</i>	<u>\$ 13,691</u>	<u>\$ 15,848</u>	<u>\$ -</u>	<u>\$ 84,717</u>
 <i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	634	423	-	4,252
Due to other funds	13,057	15,425	-	80,465
<i>Total liabilities</i>	<u>13,691</u>	<u>15,848</u>	<u>-</u>	<u>84,717</u>
 <i>Fund balances</i>				
<i>Spendable:</i>				
<i>Restricted for:</i>				
Extracurricular activities	-	-	-	-
Education	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <i>Total liabilities, deferred inflows of resources, and fund balances</i>	 <u>\$ 13,691</u>	 <u>\$ 15,848</u>	 <u>\$ -</u>	 <u>\$ 84,717</u>

See independent auditors' report.

<b>Carl D Perkins Secondary Redistribution 24176</b>	<b>Student Supp Academic Achievment Title IV 24189</b>	<b>Title XIX Medicaid 3/21 Years 25153</b>	<b>Save the Children 26143</b>	<b>Spaceport GRT Grant - Dona Ana County 26204</b>
\$ -	\$ -	\$ 4,503,452	\$ 2,157	\$ 2,595,314
11,542	-	206,370	-	-
<u>\$ 11,542</u>	<u>\$ -</u>	<u>\$ 4,709,822</u>	<u>\$ 2,157</u>	<u>\$ 2,595,314</u>
\$ 431	\$ -	\$ 790	\$ -	\$ 15,480
166	-	48,830	-	8,366
10,945	-	-	-	-
<u>11,542</u>	<u>-</u>	<u>49,620</u>	<u>-</u>	<u>23,846</u>
-	-	-	-	-
-	-	4,660,202	2,157	2,571,468
-	-	4,660,202	2,157	2,571,468
<u>\$ 11,542</u>	<u>\$ -</u>	<u>\$ 4,709,822</u>	<u>\$ 2,157</u>	<u>\$ 2,595,314</u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2019

	<b>The Bridge of Southern New Mexico 26215</b>	<b>Dual Credit Instructional Materials 27103</b>	<b>2012 GO Bond Student Library 27107</b>	<b>NM Reads to Lead K-3 Initiative 27114</b>
<i>Assets</i>				
Cash and cash equivalents	\$ 2,499	\$ -	\$ -	\$ -
Receivables:				
Due from other governments	-	7,287	94,869	30,075
<b>Total assets</b>	<b>\$ 2,499</b>	<b>\$ 7,287</b>	<b>\$ 94,869</b>	<b>\$ 30,075</b>
 <i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	5,256
Due to other funds	-	7,287	94,869	24,819
<b>Total liabilities</b>	<b>-</b>	<b>7,287</b>	<b>94,869</b>	<b>30,075</b>
 <i>Fund balances</i>				
<i>Spendable:</i>				
<i>Restricted for:</i>				
Extracurricular activities	-	-	-	-
Education	2,499	-	-	-
<b>Total fund balances</b>	<b>2,499</b>	<b>-</b>	<b>-</b>	<b>-</b>
 <i>Total liabilities, deferred inflows of resources, and fund balances</i>	 <b>\$ 2,499</b>	 <b>\$ 7,287</b>	 <b>\$ 94,869</b>	 <b>\$ 30,075</b>

See independent auditors' report.

<b>Excellence in Teaching 27125</b>	<b>Pre-K Initiative 27149</b>	<b>Breakfast for Elementary Students 27155</b>	<b>Kindergarten - Three Plus 27166</b>	<b>NM Grown Fresh Fruit and Vegetable 27183</b>
\$ -	\$ -	\$ -	\$ -	\$ -
-	536,725	1,761	439,195	4,473
<u>\$ -</u>	<u>\$ 536,725</u>	<u>\$ 1,761</u>	<u>\$ 439,195</u>	<u>\$ 4,473</u>
\$ -	\$ (197)	\$ -	\$ -	\$ -
-	68,479	-	89,030	-
-	468,443	1,761	350,165	4,473
-	536,725	1,761	439,195	4,473
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ 536,725</u>	<u>\$ 1,761</u>	<u>\$ 439,195</u>	<u>\$ 4,473</u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2019

	<b>K3 Plus 4 &amp; 5 Pilot 27198</b>	<b>NM Highway Dept (Road) 28120</b>	<b>CYFD Parents as Teachers Model 28193</b>	<b>Industrial Revenue Bonds Payments in Lieu of Taxes 29135</b>
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ 50,588	\$ -	\$ 651,287
Receivables:				
Due from other governments	179,076	-	-	-
<i>Total assets</i>	<u>\$ 179,076</u>	<u>\$ 50,588</u>	<u>\$ -</u>	<u>\$ 651,287</u>
 <i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	27,499	-	(72)	-
Due to other funds	151,577	-	72	-
<i>Total liabilities</i>	<u>179,076</u>	<u>-</u>	<u>-</u>	<u>-</u>
 <i>Fund balances</i>				
<i>Spendable:</i>				
<i>Restricted for:</i>				
Extracurricular activities	-	-	-	-
Education	-	50,588	-	651,287
<i>Total fund balances</i>	<u>-</u>	<u>50,588</u>	<u>-</u>	<u>651,287</u>
 <i>Total liabilities, deferred inflows of resources, and fund balances</i>	 <u>\$ 179,076</u>	 <u>\$ 50,588</u>	 <u>\$ -</u>	 <u>\$ 651,287</u>

See independent auditors' report.



**Total**

            
\$ 9,403,327  
  
3,924,035  
\$ 13,327,362

\$ 37,477  
525,183  
3,246,483  
  
3,809,143

1,579,660  
7,938,559  
9,518,219

\$ 13,327,362

See independent auditors' report.

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2019

	<b>Athletics 22000</b>	<b>Non Instructional Support 23000</b>	<b>Migrant Children Education 24103</b>	<b>IDEA-B Entitlement 24106</b>
<i>Revenues</i>				
Intergovernmental revenue:				
Federal flowthrough	\$ -	\$ -	\$ 64,527	\$ 3,490,390
Federal direct	-	-	-	-
Local sources	-	88,175	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	133,569	762,288	-	-
Investment income	4	-	-	-
Miscellaneous income	-	8,441	-	-
<i>Total revenues</i>	<u>133,573</u>	<u>858,904</u>	<u>64,527</u>	<u>3,490,390</u>
<i>Expenditures</i>				
Current:				
Instruction	4,582	847,611	17,625	2,265,817
Support services - students	-	-	45,643	765,996
Support services - instruction	-	-	-	372,712
Support services - general admin	-	-	1,259	67,936
Support services - school admin	-	-	-	-
Operation and maintenance of plant	-	-	-	17,571
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>4,582</u>	<u>847,611</u>	<u>64,527</u>	<u>3,490,032</u>
<i>Net change in fund balances</i>	128,991	11,293	-	358
<i>Fund balances - beginning</i>	821,402	617,974	-	-
<i>Fund balances - end of year</i>	<u>\$ 950,393</u>	<u>\$ 629,267</u>	<u>\$ -</u>	<u>\$ 358</u>

See independent auditors' report.

<b>New Mexico Autism Project 24108</b>	<b>IDEA-B Preschool 24109</b>	<b>Striving Readers Compr. Literacy Initiative 24145</b>	<b>English Language Acquisition 24153</b>	<b>Teacher/Princi pal Training &amp; Recruitment 24154</b>
\$ 4,653	\$ 85,669	\$ 468,080	\$ 393,801	\$ 1,024,001
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>4,653</u>	<u>85,669</u>	<u>468,080</u>	<u>393,801</u>	<u>1,024,001</u>
2,779	32,280	466,865	393,801	895,347
1,874	40,183	-	-	-
-	11,534	735	-	84,390
-	1,672	-	-	19,980
-	-	480	-	24,284
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>4,653</u>	<u>85,669</u>	<u>468,080</u>	<u>393,801</u>	<u>1,024,001</u>
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2019

	<b>Immigrant Funding 24163</b>	<b>Carl D Perkins Special Projects - Current 24171</b>	<b>Carl Perkins Special Projects Unliq. Oblig. 24172</b>	<b>Carl D Perkins Secondary - Current 24174</b>
<i>Revenues</i>				
Intergovernmental revenue:				
Federal flowthrough	\$ 45,867	\$ 12,715	\$ 16,206	\$ 231,940
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	-	-	-
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>45,867</u>	<u>12,715</u>	<u>16,206</u>	<u>231,940</u>
<i>Expenditures</i>				
Current:				
Instruction	45,867	12,715	16,206	156,075
Support services - students	-	-	-	71,922
Support services - instruction	-	-	-	-
Support services - general admin	-	-	-	3,943
Support services - school admin	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>45,867</u>	<u>12,715</u>	<u>16,206</u>	<u>231,940</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning</i>	-	-	-	-
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

<b>Carl D Perkins Secondary Redistribution 24176</b>	<b>Student Supp Academic Achievment Title IV 24189</b>	<b>Title XIX Medicaid 3/21 Years 25153</b>	<b>Save the Children 26143</b>	<b>Spaceport GRT Grant - Dona Ana County 26204</b>
\$ 11,542	\$ 191	\$ -	\$ -	\$ -
-	-	2,089,462	-	-
-	-	-	-	784,352
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>11,542</u>	<u>191</u>	<u>2,089,462</u>	<u>-</u>	<u>784,352</u>
11,324	191	-	-	339,120
-	-	978,001	-	-
-	-	315,329	-	156,587
218	-	26,617	-	9,746
-	-	-	-	-
-	-	6,914	-	-
-	-	-	-	-
-	-	-	-	-
-	-	33,853	-	-
<u>11,542</u>	<u>191</u>	<u>1,360,714</u>	<u>-</u>	<u>505,453</u>
-	-	728,748	-	278,899
-	-	3,931,454	2,157	2,292,569
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,660,202</u>	<u>\$ 2,157</u>	<u>\$ 2,571,468</u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2019

	<b>The Bridge of Southern New Mexico 26215</b>	<b>Dual Credit Instructional Materials 27103</b>	<b>2012 GO Bond Student Library 27107</b>	<b>NM Reads to Lead K-3 Initiative 27114</b>
<i>Revenues</i>				
Intergovernmental revenue:				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Local sources	-	-	-	-
State flowthrough	-	35,390	94,869	122,013
State direct	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>35,390</u>	<u>94,869</u>	<u>122,013</u>
<i>Expenditures</i>				
Current:				
Instruction	-	35,390	-	119,633
Support services - students	-	-	-	-
Support services - instruction	-	-	94,869	-
Support services - general admin	-	-	-	2,380
Support services - school admin	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>35,390</u>	<u>94,869</u>	<u>122,013</u>
<i>Net change in fund balances</i>	-	-	-	-
<i>Fund balances - beginning</i>	<u>2,499</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 2,499</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

<b>Excellence in Teaching 27125</b>	<b>Pre-K Initiative 27149</b>	<b>Breakfast for Elementary Students 27155</b>	<b>Kindergarten - Three Plus 27166</b>	<b>NM Grown Fresh Fruit and Vegetable 27183</b>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
177,610	1,870,069	46,754	1,008,480	12,444
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>177,610</u>	<u>1,870,069</u>	<u>46,754</u>	<u>1,008,480</u>	<u>12,444</u>
177,610	1,439,860	-	734,408	-
-	-	-	19,528	-
-	261,560	-	35,337	-
-	18,517	-	-	-
-	-	-	120,465	-
-	-	-	-	-
-	150,132	-	98,742	-
-	-	46,754	-	12,444
-	-	-	-	-
<u>177,610</u>	<u>1,870,069</u>	<u>46,754</u>	<u>1,008,480</u>	<u>12,444</u>
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2019

	<b>K3 Plus 4 &amp; 5 Pilot 27198</b>	<b>NM Highway Dept (Road) 28120</b>	<b>CYFD Parents as Teachers Model 28193</b>	<b>Industrial Revenue Bonds Payments in Lieu of Taxes 29135</b>
<i>Revenues</i>				
Intergovernmental revenue:				
Federal flowthrough	\$ -	\$ -	\$ -	\$ -
Federal direct	-	-	-	-
Local sources	-	-	-	93,963
State flowthrough	290,735	-	-	-
State direct	-	33,788	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous income	-	-	-	-
<b>Total revenues</b>	<b>290,735</b>	<b>33,788</b>	<b>-</b>	<b>93,963</b>
<i>Expenditures</i>				
Current:				
Instruction	221,402	-	-	27,149
Support services - students	-	-	-	-
Support services - instruction	-	-	-	-
Support services - general admin	-	-	-	-
Support services - school admin	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	69,333	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>290,735</b>	<b>-</b>	<b>-</b>	<b>27,149</b>
<i>Net change in fund balances</i>	-	33,788	-	66,814
<i>Fund balances - beginning</i>	-	16,800	-	584,473
<i>Fund balances - end of year</i>	<b>\$ -</b>	<b>\$ 50,588</b>	<b>\$ -</b>	<b>\$ 651,287</b>

See independent auditors' report.



**Total**

5,849,582  
\$ 5,849,582  
2,089,462  
966,490  
3,658,364  
33,788  
895,857  
4  
8,441  
13,501,988

8,263,657  
1,923,147  
1,333,053  
152,268  
145,229  
24,485  
318,207  
59,198  
33,853  
12,253,097

1,248,891  
8,269,328  
\$ 9,518,219

See independent auditors' report.

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Combining Balance Sheet  
Nonmajor Capital Project Funds  
June 30, 2019

Statement C-1

	<b>Capital Improvements SB-9 31700</b>	<b>Capital Improvements SB-9 Local 31701</b>	<b>Education Technology Equipment Act 31900</b>	<b>Total</b>
<i>Assets</i>				
Cash and cash equivalents	\$ -	\$ 2,626,439	\$ 1,004,875	\$ 3,631,314
Receivables:				
Property taxes	-	318,968	-	318,968
Due from other governments	1,309,327	-	-	1,309,327
<i>Total assets</i>	<u>\$ 1,309,327</u>	<u>\$ 2,945,407</u>	<u>\$ 1,004,875</u>	<u>\$ 5,259,609</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 15,265	\$ 14,929	\$ 7,074	\$ 37,268
Due to other funds	693,517	-	-	693,517
<i>Total liabilities</i>	<u>708,782</u>	<u>14,929</u>	<u>7,074</u>	<u>730,785</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	-	266,536	-	266,536
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>266,536</u>	<u>-</u>	<u>266,536</u>
<i>Fund balances</i>				
<i>Spendable:</i>				
<i>Restricted for:</i>				
Capital acquisitions and improvements	600,545	2,663,942	997,801	4,262,288
<i>Total fund balances</i>	<u>600,545</u>	<u>2,663,942</u>	<u>997,801</u>	<u>4,262,288</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 1,309,327</u>	<u>\$ 2,945,407</u>	<u>\$ 1,004,875</u>	<u>\$ 5,259,609</u>

See independent auditors' report.

STATE OF NEW MEXICO

Statement C-2

Gadsden Independent School District No. 16  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Capital Project Funds  
 For the Year Ended June 30, 2019

	<b>Capital Improvements SB-9 31700</b>	<b>Capital Improvements SB-9 Local 31701</b>	<b>Education Technology Equipment Act 31900</b>	<b>Total</b>
<i>Revenues</i>				
Property taxes	\$ -	\$ 1,985,771	\$ -	\$ 1,985,771
Intergovernmental revenue:				
State flowthrough	2,186,465	-	-	2,186,465
State direct	-	2,290	-	2,290
Investment income	-	1,997	3,083	5,080
Miscellaneous income	-	325	-	325
<b>Total revenues</b>	<b>2,186,465</b>	<b>1,990,383</b>	<b>3,083</b>	<b>4,179,931</b>
<i>Expenditures</i>				
Current:				
Support services - general administration	-	19,784	-	19,784
Operation and maintenance of plant	1,774,817	2,007,529	1,359,126	5,141,472
Capital outlay	314,908	67,369	229,074	611,351
<b>Total expenditures</b>	<b>2,089,725</b>	<b>2,094,682</b>	<b>1,588,200</b>	<b>5,772,607</b>
<i>Excess (deficiency) of revenues over expenditures</i>	96,740	(104,299)	(1,585,117)	(1,592,676)
<i>Other financing sources (uses)</i>				
Bond proceeds	-	-	2,000,000	2,000,000
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>2,000,000</b>	<b>2,000,000</b>
<i>Net change in fund balances</i>	96,740	(104,299)	414,883	407,324
<i>Fund balances - beginning</i>	503,805	2,768,241	582,918	3,854,964
<i>Fund balances - end of year</i>	<b>\$ 600,545</b>	<b>\$ 2,663,942</b>	<b>\$ 997,801</b>	<b>\$ 4,262,288</b>

See independent auditors' report.

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Combining Balance Sheet  
Nonmajor Debt Service Fund  
June 30, 2019

Statement D-1

	<b>Educational Technology Debt Service 43000</b>
	<b>43000</b>
<i>Assets</i>	
Cash and cash equivalents	\$ 2,850,929
Receivables:	
Property taxes	341,058
<i>Total assets</i>	\$ 3,191,987
<i>Liabilities, deferred inflows of resources, and fund balances</i>	
<i>Liabilities</i>	
<i>Total liabilities</i>	\$ -
<i>Deferred inflows of resources</i>	
Unavailable revenue - property taxes	279,576
<i>Total deferred inflows of resources</i>	279,576
<i>Fund balances</i>	
Spendable:	
Restricted for:	
Debt service	2,912,411
<i>Total fund balances</i>	2,912,411
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$ 3,191,987

See independent auditors' report.

**STATE OF NEW MEXICO**  
 Gadsden Independent School District No. 16  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Debt Service Funds  
 For the Year Ended June 30, 2019

Statement D-2

	<b>Educational Technology Debt Service 43000</b>
<i>Revenues</i>	
Property taxes	\$ 2,379,863
<i>Total revenues</i>	2,379,863
 <i>Expenditures</i>	
Current:	
Support services - general administration	23,813
Debt service:	
Principal	2,000,000
Interest	118
<i>Total expenditures</i>	2,023,931
 <i>Net change in fund balances</i>	355,932
 <i>Fund balances - beginning</i>	2,556,479
 <i>Fund balances - end of year</i>	\$ 2,912,411

See independent auditors' report.

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Combining Balance Sheet  
General Fund  
June 30, 2019

Statement E-1

	<b>Operating 11000</b>	<b>Pupil Transportation 13000</b>	<b>Instructional Materials 14000</b>	<b>Total</b>
<i>Assets</i>				
Cash and cash equivalents	\$ 34,921,367	\$ 14,760	\$ 1,149,948	\$ 36,086,075
Receivables:				
Property taxes	49,993	-	-	49,993
Other	5,080	-	-	5,080
Inventory	676,092	-	-	676,092
Due from other funds	6,819,071	-	-	6,819,071
<i>Total assets</i>	<u>\$ 42,471,603</u>	<u>\$ 14,760</u>	<u>\$ 1,149,948</u>	<u>\$ 43,636,311</u>
<i>Liabilities, deferred inflows of resources, and fund balances</i>				
<i>Liabilities</i>				
Accounts payable	\$ 388,035	\$ 24	\$ -	\$ 388,059
Accrued payroll	4,690,125	1,612	-	4,691,737
<i>Total liabilities</i>	<u>5,078,160</u>	<u>1,636</u>	<u>-</u>	<u>5,079,796</u>
<i>Deferred inflows of resources</i>				
Unavailable revenue - property taxes	40,391	-	-	40,391
<i>Total deferred inflows of resources</i>	<u>40,391</u>	<u>-</u>	<u>-</u>	<u>40,391</u>
<i>Fund Balances</i>				
Nonspendable:				
Inventory	676,092	-	-	676,092
Spendable:				
Restricted for:				
Transportation	-	13,124	-	13,124
Instructional materials	-	-	1,149,948	1,149,948
Committed for:				
Subsequent year's expenditures	20,666,480	-	-	20,666,480
Unassigned	16,010,480	-	-	16,010,480
<i>Total fund balances</i>	<u>37,353,052</u>	<u>13,124</u>	<u>1,149,948</u>	<u>38,516,124</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 42,471,603</u>	<u>\$ 14,760</u>	<u>\$ 1,149,948</u>	<u>\$ 43,636,311</u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
General Fund  
For the Year Ended June 30, 2019

Statement E-2

	<b>Operating 11000</b>	<b>Pupil Transportation 13000</b>	<b>Instructional Materials 14000</b>	<b>Total</b>
<i>Revenues</i>				
Property taxes	\$ 392,148	\$ -	\$ -	\$ 392,148
Intergovernmental revenue:				
Federal flowthrough	256,237	-	-	256,237
Federal direct	26,617	-	-	26,617
State flowthrough	387,210	-	441,735	828,945
State direct	104,369,694	-	-	104,369,694
Transportation distribution	-	5,613,539	-	5,613,539
Charges for services	277,632	-	-	277,632
Investment income	69,224	-	-	69,224
Miscellaneous	5,695	-	-	5,695
<i>Total revenues</i>	<u>105,784,457</u>	<u>5,613,539</u>	<u>441,735</u>	<u>111,839,731</u>
<i>Expenditures</i>				
Current:				
Instruction	63,524,982	-	161,731	63,686,713
Support services - students	9,490,481	-	-	9,490,481
Support services - instruction	3,895,741	-	-	3,895,741
Support services - general administration	535,189	-	-	535,189
Support services - school administration	6,528,663	-	-	6,528,663
Central services	3,337,814	-	-	3,337,814
Operation and maintenance plant	12,027,909	-	-	12,027,909
Student transportation	-	5,605,014	-	5,605,014
Community services operations	21,132	-	-	21,132
Capital Outlay	192,593	-	-	192,593
<i>Total expenditures</i>	<u>99,554,504</u>	<u>5,605,014</u>	<u>161,731</u>	<u>105,321,249</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>6,229,953</u>	<u>8,525</u>	<u>280,004</u>	<u>6,518,482</u>
<i>Other financing sources (uses):</i>				
Proceeds from sale of capital assets	1,239	-	-	1,239
<i>Total other financing sources (uses)</i>	<u>1,239</u>	<u>-</u>	<u>-</u>	<u>1,239</u>
<i>Net change in fund balances</i>	6,231,192	8,525	280,004	6,519,721
<i>Fund balances - beginning</i>	<u>31,121,860</u>	<u>4,599</u>	<u>869,944</u>	<u>31,996,403</u>
<i>Fund balances - end of year</i>	<u>\$ 37,353,052</u>	<u>\$ 13,124</u>	<u>\$ 1,149,948</u>	<u>\$ 38,516,124</u>

See independent auditors' report.

## STATE OF NEW MEXICO

Statement E-3

Gadsden Independent School District No. 16

Operating Fund - 11000

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

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Property taxes	\$ 377,876	\$ 377,876	\$ 391,040	\$ 13,164
Intergovernmental revenue:				
Federal flowthrough	140,000	140,000	256,237	116,237
Federal direct	10,000	10,000	26,617	16,617
State flowthrough	-	-	387,210	387,210
State direct	103,602,862	104,392,639	104,369,694	(22,945)
Charges for services	115,000	115,000	277,632	162,632
Investment income	2,000	2,000	69,224	67,224
Miscellaneous	-	-	5,695	5,695
<i>Total revenues</i>	<u>104,247,738</u>	<u>105,037,515</u>	<u>105,783,349</u>	<u>745,834</u>
<i>Expenditures</i>				
Current:				
Instruction	69,054,853	69,455,175	63,535,491	5,919,684
Support services - students	10,699,603	11,696,923	9,492,736	2,204,187
Support services - instruction	4,740,147	4,775,205	3,895,627	879,578
Support services - general administration	671,641	671,641	529,238	142,403
Support services - school administration	6,680,867	6,753,541	6,552,955	200,586
Central services	2,508,124	5,700,924	3,264,262	2,436,662
Operation and maintenance of plant	15,928,823	15,942,420	12,055,610	3,886,810
Student transportation	87,666	87,666	-	87,666
Other support services	10,356,233	15,555,535	-	15,555,535
Food services operations	10,981	10,981	-	10,981
Community services operations	66,500	66,500	21,132	45,368
Capital Outlay	200,000	210,000	192,593	17,407
<i>Total expenditures</i>	<u>121,005,438</u>	<u>130,926,511</u>	<u>99,539,644</u>	<u>31,386,867</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(16,757,700)</u>	<u>(25,888,996)</u>	<u>6,243,705</u>	<u>32,132,701</u>
<i>Other financing sources (uses)</i>				
Designated cash (budgeted increase in cash)	16,757,700	25,888,996	-	(25,888,996)
Proceeds from sale of capital assets	-	-	1,239	1,239
<i>Total other financing sources (uses)</i>	<u>16,757,700</u>	<u>25,888,996</u>	<u>1,239</u>	<u>(25,887,757)</u>
<i>Net change in fund balance</i>	-	-	6,244,944	6,244,944
<i>Fund balance - beginning of year</i>	-	-	30,800,505	30,800,505
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,045,449</u>	<u>\$ 37,045,449</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 6,244,944
Adjustments to revenues for taxes and intergovernmental revenue				1,108
Adjustments to expenditures for supplies and payroll expenditures				(14,860)
<i>Net change in fund balance (GAAP Basis)</i>				<u>\$ 6,231,192</u>

See independent auditors' report.



## STATE OF NEW MEXICO

Statement E-4

Gadsden Independent School District No. 16  
Pupil Transportation Fund - 13000  
Statement of Revenues, Expenditures, and Changes in  
Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Intergovernmental revenue:				
Transportation distribution	\$ 5,382,369	\$ 5,615,854	\$ 5,613,539	\$ (2,315)
<i>Total revenues</i>	<u>5,382,369</u>	<u>5,615,854</u>	<u>5,613,539</u>	<u>(2,315)</u>
<i>Expenditures</i>				
Current:				
Student transportation	5,382,369	5,618,168	5,605,020	13,148
<i>Total expenditures</i>	<u>5,382,369</u>	<u>5,618,168</u>	<u>5,605,020</u>	<u>13,148</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>-</u>	<u>(2,314)</u>	<u>8,519</u>	<u>10,833</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	-	2,314	-	(2,314)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>2,314</u>	<u>-</u>	<u>(2,314)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>8,519</u>	<u>8,519</u>
<i>Fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>4,629</u>	<u>4,629</u>
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,148</u>	<u>\$ 13,148</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 8,519
No adjustments to revenues				-
Adjustments to expenditures for student transportation				6
<i>Net change in fund balance (GAAP Basis)</i>				<u>\$ 8,525</u>

See independent auditors' report.

STATE OF NEW MEXICO

Statement E-5

Gadsden Independent School District No. 16  
 Instructional Materials Fund - 14000  
 Statement of Revenues, Expenditures, and Changes in  
 Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variances
	Original	Final		Favorable (Unfavorable) Final to Actual
<i>Revenues</i>				
Intergovernmental revenue:				
State flowthrough	\$ 441,056	\$ 472,692	\$ 441,735	\$ (30,957)
<i>Total revenues</i>	<u>441,056</u>	<u>472,692</u>	<u>441,735</u>	<u>(30,957)</u>
<i>Expenditures</i>				
Current:				
Instruction	1,262,134	1,342,635	161,731	1,180,904
<i>Total expenditures</i>	<u>1,262,134</u>	<u>1,342,635</u>	<u>161,731</u>	<u>1,180,904</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(821,078)</u>	<u>(869,943)</u>	<u>280,004</u>	<u>1,149,947</u>
<i>Other financing sources (uses):</i>				
Designated cash (budgeted increase in cash)	821,078	869,943	-	(869,943)
<i>Total other financing sources (uses)</i>	<u>821,078</u>	<u>869,943</u>	<u>-</u>	<u>(869,943)</u>
<i>Net change in fund balance</i>	-	-	280,004	280,004
<i>Fund balance - beginning of year</i>	-	-	869,944	869,944
<i>Fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,149,948</u>	<u>\$ 1,149,948</u>
Net change in fund balance (Non-GAAP Budgetary Basis)				\$ 280,004
No adjustments to revenues				-
No adjustments to expenditures for instructional expenditures				-
<i>Net change in fund balance (GAAP Basis)</i>				<u>\$ 280,004</u>

See independent auditors' report.

## **SUPPORTING SCHEDULES**

**STATE OF NEW MEXICO**  
**Gadsden Independent School District No. 16**  
**Custodial Funds**  
**Schedule of Changes in Fiduciary Assets and Liabilities**  
**For the Year Ended June 30, 2019**

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
Anthony Elementary	\$ 93	\$ 588	\$ 620	\$ 61
Berino Elementary	3,291	2,089	4,178	1,202
Chaparral Elementary School	300	80	346	34
Chaparral Middle School	36,151	88,171	91,169	33,153
Chaparral High School	69,469	124,685	123,754	70,400
Gadsden Elementary	4,651	862	2,922	2,591
Gadsden Middle School	31,036	31,726	29,594	33,168
Gadsden High School	128,439	236,868	210,428	154,879
Santa Teresa Middle School	12,162	17,165	17,135	12,192
Santa Teresa High School	104,523	184,786	192,514	96,795
Desert Pride Academy	2,211	551	54	2,708
Desert Trail Elementary	(2)	240	143	95
Alta Vista Early College High School	6,234	10,595	9,485	7,344
Loma Linda Elementary	790	6,843	5,598	2,035
Mesquite Environmental	457	-	455	2
North Valley Elementary	212	1,937	1,869	280
Riverside Elementary	2,468	5,037	5,367	2,138
Vado Elementary	5,242	3,209	7,604	847
Sunland Park Elementary	401	1,571	1,443	529
Yucca Heights Elementary	92	2,062	1,606	548
Sunrise Elementary	-	627	79	548
Construction Surplus	(72)	24	-	(48)
Holiday Food Baskets	129	-	-	129
La Union JTP	533	-	-	533

See independent auditors' report.

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019
Fiesta Educativa	16,525	-	-	16,525
PAWS- Gadsden High School	683	-	-	683
Feds. Christmas Food Baskets	95	-	-	95
Literacy Fest	700	-	-	700
Service Learning Project	11,531	-	-	11,531
Teacher of the Year	4,341	-	3,962	379
Trucha - Drug Free Program	54	-	-	54
Nurse's Department	600	-	-	600
Spanish Spelling Bee	298	300	-	598
Unemployment Ins. Reserve Fund	276,352	56,412	56,741	276,023
Cancer Awareness	280	-	-	280
Total	<u>\$ 720,269</u>	<u>\$ 776,428</u>	<u>\$ 767,066</u>	<u>\$ 729,631</u>

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Schedule of Collateral Pledged by Depository for Public Funds  
June 30, 2019

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market June 30, 2019</u>
<b>Wells Fargo</b>	FMAC FGPC 4.000%	11/1/2043	3128MJTQ3	\$ 7,619
	FNMA FNMS 2.500%	6/1/2031	3138WHD74	10,077,661
	FNMA FNMS 2.500%	7/1/2031	3138WHJY9	<u>30,334</u>
	Collateral for deposit accounts			10,115,614
	FHG-3G08710 3.00%	6/1/2046	3128MJY69	5,450,616
	FHG-3G08710 3.00%	6/1/2046	3128MJYG9	12,825,733
	FHG-3G08705 3.00%	5/1/2046	3128MJYB0	<u>36,942,312</u>
	Collateral for repurchase agreements			<u>55,218,661</u>
			<b>Total Wells Fargo</b>	<u>65,334,275</u>

Name and location of safekeeper for above pledged collateral:  
Bank of New York Mellon and Wells Fargo Bank (Repurchase Agreement Securities)

**Bank of the West**

FN 1339C MP PAC FIX	5/25/2028	3136AEEF0	7,757
GN 16179A SEQ FIX	3/20/2042	38376T6S6	45,628
G2SF MA2753 3.000	4/20/2045	36179RBW8	187,383
GNMA2 ARM MULTIPLE	5/20/2042	36179MDE7	1,153,749
FGLMC G08666 3.00	9/1/2045	3128MJW48	2,270,580
FHLMC GOLD 30 YR	11/1/2042	3132HPNB6	977,801
G2SF MA3596 3.000	4/20/2046	36179R7H6	560,157
GNMA2 ARM MULTIPLE	1/20/2043	36179MYH7	130,403
G2SF MA2677 3.000	3/20/2045	36179Q6N6	436,837
G2SF MA3662 3.000	5/20/2046	36179SB71	368,222
GNMA2 ARM MULTIPLE	1/20/2043	36179MYQ7	81,049
GNMA2 SINGLE FAMILY 30 YR	9/20/2043	36179NM96	189,560
GNMA2 SINGLE FAMILY 30 YR	12/20/2042	36179MVQ0	152,995

See independent auditors' report.

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Schedule of Collateral Pledged by Depository for Public Funds  
June 30, 2019

Schedule II

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Fair Market June 30, 2019</u>
	FGLMC G08622 3.000	1/1/2045	3128MJVQ0	183,280
	GNMA2 SINGLE FAMILY 30 YR	9/20/2043	36179NM96	109,244
	FNMA CONV 30 YR SF	9/1/2042	3138M8J61	94,473
	GNMA2 ARM MULTIPLE	3/20/2043	36179M6H8	25,103
	FNCL AS7582 3.000	7/1/2046	3138WHM82	66,236
	G2SF MA2600 3.000	2/20/2045	36179Q3H2	13,984
	GNMA2 ARM MULTIPLE	2/20/2042	36225FLV9	28,099
	GNMA1 SINGLE FAMILY 15 YR	10/15/2026	36297DW37	89,863
<b>Total Bank of the West</b>				<u>7,172,403</u>

Name and location of safekeeper for above pledged collateral:  
Bank of the West

**First American Bank**

	GNMA 15YR	1/15/2025	3620A9ZR5	107,566
	GNMA 15YR	4/15/2025	3620AQ5X7	154,557
	FNMA 15YR	4/1/2027	3138EH4H2	325,569
	FHLMC 15YR	11/1/2027	31306YKG5	224,800
	GNMA II ARM	5/20/2035	36225DP24	56,375
	GNMA 30YR	1/15/2036	36292GLU7	57,018
	GNMA 30YR	3/15/2036	36241KKS6	48,967
	FNMA Conv <30	12/1/2036	3140FNH80	1,704,885
	GNMA II 5X1	8/20/2042	36179MLM0	205,974
<b>Total First American Bank Collateral for repurchase agreements</b>				<u>2,885,711</u>

Name and location of safekeeper for above pledged collateral:  
Federal Home Loan Bank

*Total collateral pledged* \$ 75,392,389

See independent auditors' report.

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Schedule of Deposits and Investments  
June 30, 2019

<u>Bank Account Type/ Name</u>	<u>Wells Fargo</u>	<u>NM Finance Authority</u>	<u>Bank of the West</u>
Cash Deposits:			
Checking - Operational	\$ 9,750,255	\$ -	\$ -
Checking - Activity	1,357,203	-	-
Checking - Athletics	950,393	-	-
Checking - Building	-	-	-
Checking - Debt Service	-	-	14,550,580
Savings - Building	5,042,325	-	-
Total Cash Deposits	<u>17,100,176</u>	-	<u>14,550,580</u>
Investments:			
Sweep Account Balance	54,135,942	-	-
Other	-	10,928,255	-
Total Investments	<u>54,135,942</u>	<u>10,928,255</u>	-
Total Deposits and Investments	71,236,118	10,928,255	14,550,580
Reconciling items	<u>(1,388,990)</u>	-	-
Plus: Cash on hand			
<i>Reconciled balance June 30, 2019</i>	<u><u>\$ 69,847,128</u></u>	<u><u>\$ 10,928,255</u></u>	<u><u>\$ 14,550,580</u></u>

Reconciliation to financial statements:

Cash and cash equivalents:

Government-wide statement of net position - Exhibit A-1

Restricted cash and cash equivalents:

Government-wide statement of net position - Exhibit A-1

Statement of fiduciary net position - Exhibit D-1

*Cash and cash equivalents per Financial Statements*

See independent auditors' report.



<b>First American Bank</b>	<b>Total</b>
\$ -	\$ 9,750,255
10,000	1,367,203
-	950,393
200,000	200,000
-	14,550,580
-	5,042,325
210,000	31,860,756
2,322,585	56,458,527
	10,928,255
2,322,585	67,386,782
2,532,585	99,247,538
-	(1,388,990)
	470
\$ 2,532,585	\$ 97,859,018
	\$ 82,578,807
	14,550,580
	729,631
	\$ 97,859,018

See independent auditors' report.

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Cash Reconciliation  
For the Year Ended June 30, 2019

	<b>Operational 11000</b>	<b>Teacherage 12000</b>	<b>Transportation 13000</b>	<b>Instructional Materials 14000</b>	<b>Food Services 21000</b>
Audited Cash June 30, 2018	\$ 30,442,452	\$ -	\$ 6,228	\$ 869,944	\$13,631,638
Add: 2018-2019 receipts	<u>105,805,780</u>	<u>-</u>	<u>5,615,854</u>	<u>441,735</u>	<u>7,943,439</u>
Total cash available	<u>136,248,232</u>	<u>-</u>	<u>5,622,082</u>	<u>1,311,679</u>	<u>21,575,077</u>
Less: 2018-2019 expenditures Permanent cash transfers	(99,539,644) <u>-</u>	- <u>-</u>	(5,605,020) <u>(2,315)</u>	(161,731) <u>-</u>	(9,007,810) <u>-</u>
Total Cash	<u>36,708,588</u>	<u>-</u>	<u>14,747</u>	<u>1,149,948</u>	<u>12,567,267</u>
Add/Less other reconciling items: Change in outstanding loans Change in accruals/adjustments	(1,900,107) <u>112,886</u>	- <u>-</u>	- <u>13</u>	- <u>-</u>	- <u>(8,285)</u>
<i>Cash per financial statement</i>	<u><u>\$ 34,921,367</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 14,760</u></u>	<u><u>\$ 1,149,948</u></u>	<u><u>\$12,558,982</u></u>

See independent auditors' report.

<b>Athletics 22000</b>	<b>Non-Instructional Support 23000</b>	<b>Federal Flowthrough 24000</b>	<b>Federal Direct 25000</b>	<b>Local Grants 26000</b>	<b>State Flowthrough 27000</b>
\$ 821,402	\$ 632,284	\$ -	\$ 3,788,407	\$ 2,310,205	\$ -
133,573	858,904	12,276,368	2,059,693	784,352	3,497,318
954,975	1,491,188	12,276,368	5,848,100	3,094,557	3,497,318
(4,582)	(843,551)	(13,798,750)	(1,364,144)	(499,490)	(3,708,795)
-	-	(236)	-	-	(12,380)
950,393	647,637	(1,522,618)	4,483,956	2,595,067	(223,857)
-	-	1,463,034	-	-	217,393
-	-	59,584	19,496	4,903	6,464
<u>\$ 950,393</u>	<u>\$ 647,637</u>	<u>\$ -</u>	<u>\$ 4,503,452</u>	<u>\$ 2,599,970</u>	<u>\$ -</u>

See independent auditors' report.

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Cash Reconciliation  
For the Year Ended June 30, 2019

	<b>State Direct 28000</b>	<b>Local or state 29000</b>	<b>Bond Building 31100</b>	<b>Public School Capital Outlay 31200</b>	<b>Special Capital Outlay Federal 31500</b>
Audited Cash June 30, 2018	\$ 16,800	\$ 584,473	\$ 18,403,396	\$ -	\$ -
Add: 2018-2019 receipts	87,906	93,963	9,769,201	-	-
Total cash available	104,706	678,436	28,172,597	-	-
Less: 2018-2019 expenditures Permanent cash transfers	-	(27,149)	(7,273,488)	-	-
Total Cash	104,706	651,287	20,899,109	-	-
Add / Less other reconciling items: Change in outstanding loans Change in accruals/adjustments	(50,122) (3,996)	- -	- -	- -	- -
<i>Cash per financial statement</i>	<u>\$ 50,588</u>	<u>\$ 651,287</u>	<u>\$ 20,899,109</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.

<b>Capital Improvements SB-9 31700</b>	<b>Capital Improvements SB-9 Local 31701</b>	<b>Education Technology Equipment Act 31900</b>	<b>Debt Service 41000</b>	<b>Ed Tech Debt Service 43000</b>	<b>Total</b>
\$ -	\$ 2,747,576	\$ 598,692	\$ 10,906,191	\$ 2,493,585	\$ 88,253,273
1,902,188	1,983,018	2,003,083	11,796,912	2,381,275	169,434,562
1,902,188	4,730,594	2,601,775	22,703,103	4,874,860	257,687,835
(2,186,464)	(2,104,155)	(1,596,900)	(11,003,452)	(2,023,931)	(160,749,056)
-	-	-	-	-	(14,931)
(284,276)	2,626,439	1,004,875	11,699,651	2,850,929	96,923,848
269,802	-	-	-	-	-
14,474	-	-	-	-	205,539
<u>\$ -</u>	<u>\$ 2,626,439</u>	<u>\$ 1,004,875</u>	<u>\$ 11,699,651</u>	<u>\$ 2,850,929</u>	<u>\$ 97,129,387</u>

See independent auditors' report.

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## **COMPLIANCE SECTION**

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

**INDEPENDENT AUDITORS' REPORT**

Brian S. Colón, Esq  
New Mexico State Auditor  
U.S. Office of Management and Budget  
Board of Education and Management  
Gadsden Independent School District No. 16  
Sunland Park, 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, and the budgetary comparisons of the General Fund and major special revenue funds of the Gadsden Independent School District No. 16 (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 11, 2019.

**Internal Control Over Financial Reporting**

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

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

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



## **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 did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **District's Response to Finding**

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

## **Purpose of this Report**

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

A handwritten signature in blue ink that reads "Cordova CPAs LLC". The signature is written in a cursive, flowing style.

Cordova CPAs LLC  
Albuquerque, New Mexico  
October 11, 2019

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**FEDERAL FINANCIAL ASSISTANCE**

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

### INDEPENDENT AUDITORS' REPORT

Brian S. Colón, Esq  
New Mexico State Auditor  
U.S. Office of Management and Budget  
Board of Education and Management  
Gadsden Independent School District No. 16  
Sunland Park, New Mexico

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

We have audited Gadsden Independent School District No. 16's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

#### Management's Responsibility

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

#### Auditors' Responsibility

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

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

#### Opinion on Major Federal Program

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

## Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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



Cordova CPAs LLC  
Albuquerque, New Mexico  
October 11, 2019

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2019

<u>Federal Grantor or Pass-Through Grantor / Program Title</u>	<u>Pass Thru Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>Funds Provided to Subrecipients</u>	<u>Noncash Assistance</u>
<b>U.S. Department of Education</b>					
<i>Passed through New Mexico Public Education Department</i>					
Title I - IASA	24101	84.010	\$ 7,936,776	\$ -	\$ -
Migrant Children Education	24103	84.011	64,527	-	-
Striving Readers Comprehen Literacy Initiative	24145	84.371C	468,080	-	-
Title III English Language Acquisition	24153	84.365	393,801	-	-
Supporting Effective Instruction	24154	84.367A *	1,024,001	-	-
Immigrant Funding	24163	84.365	45,867	-	-
Carl Perkins	24171	84.048	12,715	-	-
Carl Perkins	24172	84.048	16,206	-	-
Carl Perkins	24174	84.048	231,940	-	-
Carl Perkins	24176	84.048	11,542	-	-
Student Support Academic Achievement Title IV	24189	84.424A	191	-	-
IDEA-B Entitlement	24106	84.027 (1)*	3,490,032	-	-
IDEA-B Competitive	24108	84.027 (1)*	4,653	-	-
IDEA-B Preschool	24109	84.173 (1)*	85,669	-	-
<i>Total IDEA Cluster</i>			<u>3,580,354</u>	<u>-</u>	<u>-</u>
<i>Subtotal - Passed through New Mexico Public Education Department</i>			<u>13,786,000</u>	<u>-</u>	<u>-</u>
<i>Total U.S. Department of Education</i>			<u>13,786,000</u>	<u>-</u>	<u>-</u>
<b>U.S. Department of Agriculture</b>					
<i>Passed through New Mexico Public Education Department</i>					
Child Nutrition Cluster	21000	10.553 (2)*	2,318,698	-	-
Child Nutrition Cluster	21000	10.555 (2)*	674,977	-	674,977
Child Nutrition Cluster	21000	10.555 (2)*	6,837,113	-	-
<i>Subtotal - Passed through New Mexico Public Education Department</i>			<u>9,830,788</u>	<u>-</u>	<u>674,977</u>
<i>Total U.S. Department of Agriculture</i>			<u>9,830,788</u>	<u>-</u>	<u>674,977</u>
<i>Total Federal Financial Assistance</i>			<u>\$ 23,616,788</u>	<u>\$ -</u>	<u>\$ 674,977</u>

\* Denotes Major Federal Financial Assistance Program

() Denotes Cluster

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

**Notes to Schedule of Expenditures of Federal Awards****1 Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Gadsden Independent School District No. 16 and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

**2 Loans**

The District did not expend federal awards related to loans or loan guarantees during the year.

**3 10% de minimus Indirect Cost Rate**

The District did not elect to use the allowed 10% indirect cost rate.

**4 Federally Funded Insurance**

The District has no federally funded insurance.

**STATE OF NEW MEXICO**  
 Gadsden Independent School District No. 16  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2019

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

*Financial Statements:*

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

*Federal Awards:*

- |   |            |
|---|------------|
| 1. Internal control over major programs:  |            |
| a. Material weaknesses identified?  | None noted |
| b. Significant deficiencies identified not considered to be material weaknesses?                              | None noted |
| 2. Type of auditors' report issued on compliance for major programs   | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | No         |

4. Identification of major programs:

CFDA Number	Federal Program
10.553 & 10.555	National School Lunch Program
84.027 & 84.173	Special Education Cluster (IDEA)
84.367	Supporting Effective Instruction

- |   |           |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee?                                   | Yes       |



## **SECTION II - FINANCIAL STATEMENT FINDINGS**

### **2019-001 — Deficiencies in IT General Computer Controls and IT Environment – (Material Weakness)**

*Condition:* During our audit, we noted that there were various deficiencies within the IT General Computer Control and overall environments. The following were noted:

- The District did not have systems in place to determine that necessary patches within each operating system are implemented timely and systematically. In addition, we noted that there was an overall lack of formal patching infrastructure.
- We noted that there appeared to be a lack of build discipline that resulted in a wide range of operating system versions with varying patch levels being deployed.
- We noted a lack of Password controls including expiration/password life, length, and complexity.
- We noted that the District were made aware, in the prior year, of suggested preventative cybersecurity measures that were not adhered to. The District has not performed formal cybersecurity penetration testing from an outside third-party and we noted that the District would benefit from a formal, standards-based information security program, an assessment of the state of security as a whole including penetration testing to identify external access vulnerabilities, and a roadmap to move to a more robust security posture.

*Criteria:* According to NMAC 1.12, provides guidance on an Enterprise Security Policy for the protection of information technology (IT) assets and resources including data and information. The policy establishes that protection must be provided for IT assets, resources, and data/information from unauthorized access, use, disclosure, disruption, modification, or destruction to provide integrity, confidentiality, availability, accountability, and assurance, and establishes that controls must be maintained over information systems, resources, and data/information sufficient to contain risk of loss or misuse of information. In addition, the Committee of Sponsoring Organizations (COSO) COSO Internal Control – Integrated Framework (2013), consists of five critical elements that must be present in carrying out the achievement objectives of an organization. These elements are known as the control environment, risk assessment, control activities, information and communication and monitoring, which includes the implementation of good internal controls over IT general computer controls within the organization.

*Effect:* These deficiencies resulted in weaknesses in internal controls and led to a debilitating virus, which was a credential mining malware. The IT experts did note that the server housing the accounting system did not appear to be affected and the data was not maliciously encrypted, lost, or otherwise destroyed. Lastly, a ransomware attack was launched on the District and which required the District to hire, as an emergency, an IT firm to assist with getting the District's systems running again. Ultimately, these costs will be in the hundreds of thousands of dollars.

*Cause:* The District did not invest in suggested procedures and did not perform monitoring of its IT General Computer controls which contributed to deficiencies in the information technology environment.

*Auditors' Recommendations:* The District should perform (by a third-party expert) a complete risk assessment of the IT General Computer Controls and IT environment and develop appropriate and timely responses to reduce and mitigate the risks identified in such risk assessment.

*Agency Response:* To address these concerns the administration has added a technology coordinator to the technology departments staffing model. This individual's primary responsibility is cyber-security. Ensuring a systematic approach to patching, password controls and penetration testing are all core aspects of this position. We have completed a network assessment that will be the driving force in addressing equipment service life, ensure compatibility between network components and establishing redundancy to ensure adequate back-ups are in place.

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2019

Schedule VI

**SECTION III - FEDERAL AWARD FINDINGS**

None noted

**SECTION IV – SECTION 12-6-5 NMSA FINDINGS**

None noted

**SECTION V. PRIOR YEAR AUDIT FINDINGS**

**NM 2017-002 Controls over Inventory (Findings that do not rise to the level of significant deficiency) - Resolved**

**2018-001 — Annual Report Card, High School Graduation Rate for Title I- (Significant Deficiency) - Resolved**

**STATE OF NEW MEXICO**  
Gadsden Independent School District No. 16  
Other Disclosures  
June 30, 2019

**OTHER DISCLOSURES**

**Exit Conference**

An exit conference was held on October 18, 2019. In attendance were the following:

**Representing Gadsden Independent School District No. 16:**

Maria Saenz – Board of Education Member  
Mindy Erramouspe – Audit Committee  
Travis L. Dempsey – Superintendent  
Ludym Martinez – Associate Superintendent for Finance  
Erica Villarreal – Executive Director for Finance  
Yolanda Rivera – Director for Financial Operations

**Representing Cordova CPAs LLC:**

Robert Cordova, CPA – Principal

**Auditor Prepared Financial Statements**

Cordova CPAs LLC prepared the GAAP-basis financial statements and footnotes of Gadsden Independent School District No. 16 from the original books and records asserted by management. The responsibility for the financial statements remains with Gadsden Independent School District No. 16.