

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
ANNUAL FINANCIAL REPORT

JUNE 30, 2019



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INTRODUCTORY SECTION

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GRANTS/CIBOLA COUNTY SCHOOLS
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GRANTS/CIBOLA COUNTY SCHOOLS
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STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
OFFICIAL ROSTER
FOR THE YEAR ENDED JUNE 30, 2019

<u>Name</u>		<u>Title</u>
	<u>School Board</u>	
Guy Archambeau		President
Ron Ortiz		Vice President
Emily Hunt-Dailey		Secretary
Richard Jones		Member
Dion Sandoval		Member
	<u>District Officials</u>	
Max Perez		Superintendent
Open		Director of Finance
Cynthia Wilson		Business Manager
Asha Ashby		Director of Federal Programs
Dwayne Toivanen		Director of Human Resources
Greg Gallegos		Maintenance Coordinator
Jermane Gnodle		Transportation Coordinator
Raquel Whitebird		Director of Technology

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Brian Colón, New Mexico State Auditor
The Office of Management and Budget
And the Board of Education of
Grants/Cibola County Schools
Grants, New Mexico

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require Schedules I through IV and notes to the required supplementary information on pages 54 through 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the District's financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements, the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and other supplemental information required by 2.2.2 NMAC, Schedules V through VIII are presented for the purposes of additional analysis and are not a required part of the financial statements.

The combining and individual fund financial statements, the Schedule of Expenditures of Federal Awards, and Schedules V through VIII on pages 114 through 121 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 Schedule of Expenditures of Federal Awards, and Schedules V through IX required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section on pages 1 through 3 and the Summary Schedule of Prior Audit Findings on pages 171 through 207 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Manning Accounting and Consulting Services, LLC

Manning Accounting and Consulting Services, LLC
Kirtland, New Mexico
November 12, 2019

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BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2019

Exhibit A-1

	<u>Governmental Activities</u>
ASSETS	
<i>Current assets:</i>	
Cash and temporary investments	\$ 17,922,049
Receivables (net of allowance for uncollectibles)	4,919,031
Prepays	11,310
Inventory	34,767
<i>Total current assets</i>	<u>22,887,157</u>
<i>Noncurrent assets:</i>	
Restricted cash	2,659,809
Bond discounts, net of accumulated amortization of \$23,576	49,704
Capital assets (net of accumulated depreciation):	
Land and land improvements	5,059,308
Buildings and building improvements	99,145,734
Furniture, fixtures and equipment	9,303,194
Construction in progress	1,417,954
Less: accumulated depreciation	(42,915,243)
<i>Total noncurrent assets</i>	<u>74,720,460</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows - pensions	20,493,260
Deferred outflows - other post-employment benefits	407,927
<i>Total deferred outflows</i>	<u>20,901,187</u>
<i>Total assets and deferred outflows of resources</i>	<u>\$ 118,508,804</u>
LIABILITIES	
<i>Current liabilities:</i>	
Accounts payable	\$ 887,634
Accrued payroll liabilities	552,491
Accrued interest payable	51,916
Unearned revenue	257,330
Current maturities of:	
Bonds and notes payable	2,740,000
Compensated absences	150,162
<i>Total current liabilities</i>	<u>4,639,533</u>
<i>Noncurrent liabilities:</i>	
Compensated absences	85,191
Bond premiums, net of amortization of \$81,902	13,785
Bonds and notes payable	10,193,999
Net pension liability	84,462,935
Net other post-employment benefits liability	20,306,817
<i>Total noncurrent liabilities</i>	<u>115,062,727</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - pensions	2,195,881
Deferred inflows - other post-employment benefits	5,662,808
<i>Total deferred inflows</i>	<u>7,858,689</u>
NET POSITION	
Invested in capital assets	59,112,867
Restricted for:	
Debt service	3,638,429
Capital projects	4,798,155
Other purposes - special revenue	4,950,515
Unrestricted	(81,552,111)
<i>Total net position</i>	<u>(9,052,145)</u>
<i>Total liabilities, deferred inflows of resources, and net position</i>	<u>\$ 118,508,804</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit A-2

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
Governmental activities:					
Instruction	\$ 14,910,982	\$ 307,828	\$ 6,426,921	\$ -	\$ (8,176,233)
Support services:					
Students	6,112,212	-	848,712	-	(5,263,500)
Instruction	415,608	-	-	-	(415,608)
General administration	1,759,801	-	-	-	(1,759,801)
School administration	1,670,043	-	-	-	(1,670,043)
Central services	2,733,151	139,053	-	-	(2,594,098)
Operation & maintenance of plant	5,589,104	15,153	-	-	(5,573,951)
Student transportation	1,290,460	-	1,067,561	-	(222,899)
Food services operations	2,731,689	403,352	2,165,409	-	(162,928)
Interest on long-term debt	327,439	-	-	-	(327,439)
Facilities materials, supplies, & other services	15,445,515	-	-	1,208,397	(14,237,118)
Total Primary Government	<u>\$ 52,986,004</u>	<u>\$ 865,386</u>	<u>\$ 10,508,603</u>	<u>\$ 1,208,397</u>	<u>(40,403,618)</u>

General Revenues:

Property taxes:	
Levied for general purposes	174,038
Levied for debt service	3,512,292
Levied for capital projects	750,321
State Equalization Guarantee	25,380,772
Unrestricted Federal grants	4,111,932
Unrestricted investment earnings	47,830
Loss on disposal of assets	(28,192)
Miscellaneous	<u>380,234</u>
Total general revenues	<u>34,329,227</u>
Change in net position	<u>(6,074,391)</u>
Net position - beginning of year	(12,678,170)
Prior period adjustments	<u>9,700,416</u>
Net position - beginning of year, restated	<u>(2,977,754)</u>
Net position - end of year	<u>\$ (9,052,145)</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

EXHIBIT B-1

	General Fund				Special Revenue
	Operational 11000	Teacherege 12000	Transportation 13000	Instructional Materials 14000	Title I IASA 24101
ASSETS					
<i>Current assets:</i>					
Cash and temporary investments	\$ 6,354,076	\$ 16,298	\$ 27,227	\$ 134,411	\$ -
Accounts receivable					
Taxes	51,824	-	-	-	-
Due from other governments	-	-	-	5,379	1,619,944
Interfund receivables	4,021,789	-	-	-	-
Other	29,078	-	-	-	-
Prepays	439	-	-	-	-
Inventory	-	-	-	-	-
<i>Total assets</i>	<u>10,457,206</u>	<u>16,298</u>	<u>27,227</u>	<u>139,790</u>	<u>1,619,944</u>
LIABILITIES					
<i>Current liabilities:</i>					
Accounts payable	115,114	-	-	-	-
Accrued payroll liabilities	372,742	-	15,753	-	29,606
Interfund payables	-	-	-	-	1,615,214
Unearned revenue	-	-	-	-	-
<i>Total liabilities</i>	<u>487,856</u>	<u>-</u>	<u>15,753</u>	<u>-</u>	<u>1,644,820</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	41,510	-	-	-	-
Unavailable revenues - other	-	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>41,510</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	439	-	-	-	-
Restricted for:					
Transportation	-	-	11,474	-	-
Instructional materials	-	-	-	139,790	-
Grant mandates	-	-	-	-	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	8,020,122	16,298	-	-	-
Unassigned	1,907,279	-	-	-	(24,876)
<i>Total fund balances</i>	<u>9,927,840</u>	<u>16,298</u>	<u>11,474</u>	<u>139,790</u>	<u>(24,876)</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 10,457,206</u>	<u>\$ 16,298</u>	<u>\$ 27,227</u>	<u>\$ 139,790</u>	<u>\$ 1,619,944</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

EXHIBIT B-1

	<u>Special Revenue</u>	<u>Capital Projects</u>			<u>Total Primary Government</u>
	<u>IDEA-B Entitlement 24106</u>	<u>Capital Improvement SB-9 (Local) 31701</u>	<u>Debt Service 41000</u>		
ASSETS					
<i>Current assets:</i>					
Cash and temporary investments	\$ -	\$ 3,201,435	\$ 2,259,470	\$ 8,588,941	\$ 20,581,858
Accounts receivable					
Taxes	-	201,864	888,953	80,662	1,223,303
Due from other governments	426,861	-	-	1,614,466	3,666,650
Interfund receivables	-	-	-	-	4,021,789
Other	-	-	-	-	29,078
Prepays	-	1,866	8,265	740	11,310
Inventory	-	-	-	34,767	34,767
	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,767</u>	<u>34,767</u>
<i>Total assets</i>	<u>426,861</u>	<u>3,405,165</u>	<u>3,156,688</u>	<u>10,319,576</u>	<u>29,568,755</u>
LIABILITIES					
<i>Current liabilities:</i>					
Accounts payable	-	-	-	772,517	887,631
Accrued payroll liabilities	12,938	-	-	121,455	552,494
Interfund payables	466,051	-	-	1,940,524	4,021,789
Unearned revenue	-	-	-	257,330	257,330
	<u>-</u>	<u>-</u>	<u>-</u>	<u>257,330</u>	<u>257,330</u>
<i>Total liabilities</i>	<u>478,989</u>	<u>-</u>	<u>-</u>	<u>3,091,826</u>	<u>5,719,244</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	-	157,382	690,207	58,578	947,677
Unavailable revenues - other	261,998	-	-	57,566	319,564
	<u>261,998</u>	<u>-</u>	<u>-</u>	<u>57,566</u>	<u>319,564</u>
<i>Total deferred inflows of resources</i>	<u>261,998</u>	<u>157,382</u>	<u>690,207</u>	<u>116,144</u>	<u>1,267,241</u>
FUND BALANCES					
Nonspendable	-	1,866	8,265	35,507	46,077
Restricted for:					
Transportation	-	-	-	-	11,474
Instructional materials	-	-	-	-	139,790
Grant mandates	-	-	-	2,540,511	2,540,511
Capital projects	-	-	-	285,457	285,457
Debt service	-	84,765	732,273	70,389	887,427
Assigned	-	3,161,152	1,725,943	5,293,118	18,216,633
Unassigned	(314,126)	-	-	(1,113,376)	454,901
	<u>(314,126)</u>	<u>-</u>	<u>-</u>	<u>(1,113,376)</u>	<u>454,901</u>
<i>Total fund balances</i>	<u>(314,126)</u>	<u>3,247,783</u>	<u>2,466,481</u>	<u>7,111,606</u>	<u>22,582,270</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 426,861</u>	<u>\$ 3,405,165</u>	<u>\$ 3,156,688</u>	<u>\$ 10,319,576</u>	<u>\$ 29,568,755</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Exhibit B-2

	<u>Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total fund balances - governmental funds	\$ 22,582,270
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
The cost of capital assets is	114,926,190
Accumulated depreciation is	(42,915,243)
Revenues not collected within sixty days after year-end are considered "available" revenues and are shown as deferred revenues on the balance sheet.	
Delinquent property taxes	947,677
Grant revenues	319,564
Deferred outflows and inflows of resources related to pensions and other post-employment benefits are applicable to future periods and therefore, are not reported in governmental funds.	
Deferred outflows of resources - pensions	20,493,260
Deferred outflows of resources - other post-employment benefits	407,927
Deferred inflows of resources - pensions	(2,195,881)
Deferred inflows of resources - other post-employment benefits	(5,662,808)
Bond issuance costs, including original issue discounts and premiums are not financial resources and therefore are not reported in the funds	
Bond discounts net of related accumulated amortization	49,704
Bond premiums net of accumulated amortization	(13,785)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in governmental funds. Long-term and other liabilities at year-end consist of:	
Accrued interest payable	(51,916)
Bonds payable	(12,933,999)
Accrued compensated absences	(235,353)
Net pension liability	(84,462,935)
Net other post-employment benefits liability	(20,306,817)
Total net position - governmental activities	\$ (9,052,145)

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

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT B-3

	General Fund				Special Revenue
	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000	Title I IASA 24101
<i>Revenues:</i>					
Property taxes	\$ 166,324	\$ -	\$ -	\$ -	\$ -
State grants	25,380,772	-	1,015,107	124,774	-
Federal grants	4,111,932	-	-	-	1,610,900
Miscellaneous	380,711	-	-	-	-
Charges for services	145,023	9,538	-	-	-
Investment income	15,977	-	-	-	-
<i>Total revenues</i>	<u>30,200,739</u>	<u>9,538</u>	<u>1,015,107</u>	<u>124,774</u>	<u>1,610,900</u>
<i>Expenditures:</i>					
<i>Current:</i>					
Instruction	16,422,132	-	-	15,133	1,401,267
Support services					
Students	4,128,161	-	-	-	50,011
Instruction	314,915	-	-	-	-
General administration	894,983	-	-	-	166,775
School administration	1,105,621	-	-	-	-
Central services	664,228	-	-	-	-
Operation & maintenance of plant	4,797,215	6,867	-	-	1,892
Student transportation	-	-	1,003,453	-	-
Other support services	-	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>28,327,255</u>	<u>6,867</u>	<u>1,003,453</u>	<u>15,133</u>	<u>1,619,945</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>1,873,484</u>	<u>2,671</u>	<u>11,654</u>	<u>109,641</u>	<u>(9,045)</u>
<i>Other financing sources (uses):</i>					
Operating transfers	-	-	-	-	-
Proceeds from bond issues	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>1,873,484</u>	<u>2,671</u>	<u>11,654</u>	<u>109,641</u>	<u>(9,045)</u>
<i>Fund balances - beginning of year</i>	8,054,356	13,627	(180)	30,149	(15,831)
<i>Prior period adjustment</i>	-	-	-	-	-
<i>Adjusted fund balance - beginning of year</i>	<u>8,054,356</u>	<u>13,627</u>	<u>(180)</u>	<u>30,149</u>	<u>(15,831)</u>
<i>Fund balances - end of year</i>	<u>\$ 9,927,840</u>	<u>\$ 16,298</u>	<u>\$ 11,474</u>	<u>\$ 139,790</u>	<u>\$ (24,876)</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT B-3

	<u>Special Revenue</u>	<u>Capital Projects</u>			
	IDEA-B Entitlement 24106	Capital Improvement SB-9 (Local) 31701			
<i>Revenues:</i>					
Property taxes	\$ -	\$ 747,394	\$ 3,201,755	296,789	\$ 4,412,262
State grants	-	-	-	2,506,979	29,027,632
Federal grants	521,662	-	-	5,305,514	11,550,008
Miscellaneous	-	-	-	312,500	693,211
Charges for services	-	-	-	710,825	865,386
Investment income	-	-	-	31,853	47,830
<i>Total revenues</i>	<u>521,662</u>	<u>747,394</u>	<u>3,201,755</u>	<u>9,164,460</u>	<u>46,596,329</u>
<i>Expenditures:</i>					
<i>Current:</i>					
Instruction	628,378	-	-	3,472,747	21,939,657
Support services					
Students	205,996	-	-	628,841	5,013,009
Instruction	-	-	-	-	314,915
General administration	13,000	7,029	31,142	280,233	1,393,162
School administration	-	-	-	116,812	1,222,433
Central services	-	-	-	-	664,228
Operation & maintenance of plant	-	-	-	10,895	4,816,869
Student transportation	-	-	-	5,426	1,008,879
Other support services	-	-	-	-	-
Food services operations	-	-	-	2,388,466	2,388,466
Community services	-	-	-	-	-
Capital outlay	-	458,541	-	2,164,290	2,622,831
Debt service					
Principal	-	-	3,435,000	291,000	3,726,000
Interest	-	-	301,303	8,340	309,643
<i>Total expenditures</i>	<u>847,374</u>	<u>465,570</u>	<u>3,767,445</u>	<u>9,367,050</u>	<u>45,420,092</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(325,712)</u>	<u>281,824</u>	<u>(565,690)</u>	<u>(202,590)</u>	<u>1,176,237</u>
<i>Other financing sources (uses):</i>					
Operating transfers	-	-	-	-	-
Proceeds from bond issues	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>(325,712)</u>	<u>281,824</u>	<u>(565,690)</u>	<u>(202,590)</u>	<u>1,176,237</u>
<i>Fund balances - beginning of year</i>	11,586	3,105,125	3,032,171	4,964,671	19,195,674
<i>Prior period adjustment</i>	-	(139,166)	-	2,349,525	2,210,359
<i>Adjusted fund balance - beginning of year</i>	<u>11,586</u>	<u>2,965,959</u>	<u>3,032,171</u>	<u>7,314,196</u>	<u>21,406,033</u>
<i>Fund balances - end of year</i>	<u>\$ (314,126)</u>	<u>\$ 3,247,783</u>	<u>\$ 2,466,481</u>	<u>\$ 7,111,606</u>	<u>\$ 22,582,270</u>

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

STATE OF NEW MEXICO

Exhibit B-4

GRANTS/CIBOLA COUNTY SCHOOLS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Governmental Funds
Amounts reported for governmental activities in the Statement of Activities are different because:	
Net change in fund balances - total governmental funds	\$ 1,176,237
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which depreciation exceeds capital outlays for the period.</p>	
Depreciation expense	(2,769,277)
Capital outlays	1,722,691
Loss on disposal of capital assets	(28,669)
<p>Revenues not collected within 60 days after the fiscal year-end are not considered available revenues in the governmental funds. They are considered revenues in the Statement of Activities. The increase (decrease) in revenues receivable for the year end were:</p>	
Unavailable revenue related to the property taxes receivable	24,389
Other unavailable revenues	319,564
<p>In the Statement of Activities, certain operating expenses - compensated absences and interest expense - are measured by the amounts incurred during the year. In the fund financial statements, however, expenditures are measured by the amount of financial resources used (essentially the amounts actually paid). The (increases) decreases in the liabilities for the year were:</p>	
Amortization of bond discounts	(6,009)
Amortization of bond premium	10,768
Accrued interest payable	(17,796)
Accrued compensated absences	4,320
<p>Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.</p>	
Bond principle payments	3,435,000
Education technology note payments	291,000
<p>Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the pension benefits earned net of employee contributions is reported as pension expense.</p>	
Difference between prior year pension contributions per entity and amount reported in the pension report	
Pension contributions - current year	2,837,225
Pension expense	(13,597,475)
Other post-employment benefits contributions - current year	407,927
Other post-employment benefits income	115,714
Change in net position - total governmental activities	\$ (6,074,391)

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

STATE OF NEW MEXICO

Exhibit C-1

GRANTS/CIBOLA COUNTY SCHOOLS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
 BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 OPERATIONAL FUND (11000)
 FOR THE YEAR ENDING JUNE 30, 2019

	Budgeted Amounts			
	Original Budget	Final Budget	Actual	Variance
<i>Revenues:</i>				
Property taxes	\$ 143,229	\$ 143,229	\$ 161,806	\$ 18,577
State grants	26,663,373	26,597,213	25,380,772	(1,216,441)
Federal grants	3,030,406	3,030,406	4,111,932	1,081,526
Miscellaneous	255,000	255,000	356,554	101,554
Charges for services	136,350	136,350	145,023	8,673
Interest	9,400	9,400	15,977	6,577
<i>Total revenues</i>	<u>30,237,758</u>	<u>30,171,598</u>	<u>30,172,064</u>	<u>466</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	18,522,315	18,522,315	16,083,381	2,438,934
Support services				
Students	4,792,000	4,792,000	4,129,959	662,041
Instruction	932,000	932,000	314,915	617,085
General administration	931,000	931,000	912,658	18,342
School administration	1,269,000	1,269,000	1,106,071	162,929
Central services	798,000	798,000	713,941	84,059
Operation & maintenance of plant	5,069,000	5,069,000	4,850,744	218,256
Student transportation	-	-	-	-
Other support services	122,219	122,219	-	122,219
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	4,000,000	3,933,840	-	3,933,840
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>36,435,534</u>	<u>36,369,374</u>	<u>28,111,669</u>	<u>8,257,705</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(6,197,776)</u>	<u>(6,197,776)</u>	<u>2,060,395</u>	<u>8,258,171</u>
<i>Other financing sources (uses):</i>				
Designated cash	6,197,776	6,197,776	-	(6,197,776)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>6,197,776</u>	<u>6,197,776</u>	<u>-</u>	<u>(6,197,776)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>2,060,395</u>	<u>2,060,395</u>
<i>Cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>8,315,470</u>	<u>8,315,470</u>
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>8,315,470</u>	<u>8,315,470</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,375,865</u>	<u>\$ 10,375,865</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ 2,060,395	
Adjustments to revenues			28,675	
Adjustments to expenditures			(215,586)	
Net change in fund balance (GAAP basis)			<u>\$ 1,873,484</u>	

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

STATE OF NEW MEXICO

Exhibit C-2

GRANTS/CIBOLA COUNTY SCHOOLS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
 BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 TEACHERAGE FUND (12000)
 FOR THE YEAR ENDING JUNE 30, 2019

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	5,000	5,000	9,538	4,538
Interest	-	-	-	-
<i>Total revenues</i>	<u>5,000</u>	<u>5,000</u>	<u>9,538</u>	<u>4,538</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	14,650	14,650	6,867	7,783
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>14,650</u>	<u>14,650</u>	<u>6,867</u>	<u>7,783</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(9,650)</u>	<u>(9,650)</u>	<u>2,671</u>	<u>12,321</u>
<i>Other financing sources (uses):</i>				
Designated cash	9,650	9,650	-	(9,650)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>9,650</u>	<u>9,650</u>	<u>-</u>	<u>(9,650)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>2,671</u>	<u>2,671</u>
<i>Cash or fund balance - beginning of year</i>	-	-	13,627	13,627
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>13,627</u>	<u>13,627</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,298</u>	<u>\$ 16,298</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ 2,671	
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balance (GAAP basis)			<u>\$ 2,671</u>	

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

STATE OF NEW MEXICO

Exhibit C-3

GRANTS/CIBOLA COUNTY SCHOOLS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
 BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 TRANSPORTATION FUND (13000)
 FOR THE YEAR ENDING JUNE 30, 2019

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	1,015,107	1,015,107	1,015,107	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>1,015,107</u>	<u>1,015,107</u>	<u>1,015,107</u>	<u>-</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	1,015,107	1,015,107	987,700	27,407
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,015,107</u>	<u>1,015,107</u>	<u>987,700</u>	<u>27,407</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>27,407</u>	<u>27,407</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>27,407</u>	<u>27,407</u>
<i>Cash or fund balance - beginning of year</i>	-	-	(180)	(180)
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(180)</u>	<u>(180)</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,227</u>	<u>\$ 27,227</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ 27,407	
Adjustments to revenues			-	
Adjustments to expenditures			(15,753)	
Net change in fund balance (GAAP basis)			<u>\$ 11,654</u>	

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

STATE OF NEW MEXICO

Exhibit C-4

GRANTS/CIBOLA COUNTY SCHOOLS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
 BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 INSTRUCTIONAL MATERIALS FUND (14000)
 FOR THE YEAR ENDING JUNE 30, 2019

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	119,395	119,395	119,395	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>119,395</u>	<u>119,395</u>	<u>119,395</u>	<u>-</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	144,673	144,673	15,133	129,540
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>144,673</u>	<u>144,673</u>	<u>15,133</u>	<u>129,540</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(25,278)</u>	<u>(25,278)</u>	<u>104,262</u>	<u>129,540</u>
<i>Other financing sources (uses):</i>				
Designated cash	25,278	25,278	-	(25,278)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>25,278</u>	<u>25,278</u>	<u>-</u>	<u>(25,278)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>104,262</u>	<u>104,262</u>
<i>Cash or fund balance - beginning of year</i>	-	-	30,149	30,149
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>30,149</u>	<u>30,149</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 134,411</u>	<u>\$ 134,411</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ 104,262	
Adjustments to revenues			5,379	
Adjustments to expenditures			-	
Net change in fund balance (GAAP basis)			<u>\$ 109,641</u>	

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

STATE OF NEW MEXICO

Exhibit C-5

GRANTS/CIBOLA COUNTY SCHOOLS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
 BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 TITLE I IASA SPECIAL REVENUE FUND (24101)
 FOR THE YEAR ENDING JUNE 30, 2019

	Budgeted Amounts			Variance
	Original Budget	Final Budget	Actual	
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	1,781,063	1,921,079	1,081,514	(839,565)
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>1,781,063</u>	<u>1,921,079</u>	<u>1,081,514</u>	<u>(839,565)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	1,574,000	1,676,040	1,371,661	304,379
Support services				
Students	20,950	54,950	50,011	4,939
Instruction	-	-	-	-
General administration	181,113	185,089	166,775	18,314
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	5,000	5,000	1,892	3,108
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,781,063</u>	<u>1,921,079</u>	<u>1,590,339</u>	<u>330,740</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(508,825)</u>	<u>(508,825)</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(508,825)</u>	<u>(508,825)</u>
<i>Cash or fund balance - beginning of year</i>	-	-	(1,106,389)	(1,106,389)
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(1,106,389)</u>	<u>(1,106,389)</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,615,214)</u>	<u>\$ (1,615,214)</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ (508,825)	
Adjustments to revenues			529,386	
Adjustments to expenditures			(29,606)	
Net change in fund balance (GAAP basis)			<u>\$ (9,045)</u>	

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

STATE OF NEW MEXICO

Exhibit C-6

GRANTS/CIBOLA COUNTY SCHOOLS
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
 BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 IDEA-B ENTITLEMENT SPECIAL REVENUE FUND (24106)
 FOR THE YEAR ENDING JUNE 30, 2019

	Budgeted Amounts			Variance
	Original Budget	Final Budget	Actual	
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	857,592	683,500	(174,092)
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>857,592</u>	<u>683,500</u>	<u>(174,092)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	638,597	615,440	23,157
Support services				
Students	-	205,995	205,996	(1)
Instruction	-	-	-	-
General administration	-	13,000	13,000	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>857,592</u>	<u>834,436</u>	<u>23,156</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(150,936)</u>	<u>(150,936)</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(150,936)</u>	<u>(150,936)</u>
<i>Cash or fund balance - beginning of year</i>	-	-	(315,115)	(315,115)
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(315,115)</u>	<u>(315,115)</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (466,051)</u>	<u>\$ (466,051)</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ (150,936)	
Adjustments to revenues			(161,838)	
Adjustments to expenditures			(12,938)	
Net change in fund balance (GAAP basis)			<u>\$ (325,712)</u>	

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

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
AGENCY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2019

Exhibit D-1

	<u>Agency Funds</u>
ASSETS	
<i>Current Assets</i>	
Cash	\$ <u>429,992</u>
<i>Total assets</i>	<u><u>429,992</u></u>
 LIABILITIES	
<i>Current Liabilities</i>	
Deposits held in trust for others	<u>429,992</u>
<i>Total liabilities</i>	<u><u>\$ 429,992</u></u>

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

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STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 **Summary of Significant Accounting Policies**

Grants/Cibola County Schools (the “District”) is a public school District governed by an elected five-member Board of Education created under the provision of Chapter 22 Article 5, Paragraph 4, New Mexico Statutes 1978 to provide public education for the children within the District boundaries. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities.

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

During the year ended June 30, 2019, the District adopted the following GASB Statements.

- GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain AROs, including obligations that may not have been previously reported. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The District will not be affected by this Statement as it has been determined it has no assets which meet these criteria.

- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

These pronouncements are not expected to have a material effect on the District. The more significant of the government’s accounting policies are described below.

A. *Financial Reporting Entity*

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

**STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 Summary of Significant Accounting Policies (Continued)

A. *Financial Reporting Entity (Continued)*

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

B. *Government-wide and Fund Financial Statements*

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

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

The District reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with a function. The District does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function, except for that portion of depreciation that is identified as unallocated on the statement of activities. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

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

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

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

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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

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

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

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

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

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

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

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

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

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

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

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

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

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

Capital Improvements SB-9 (Local) – (31701) – To account for erecting, remodeling, making additions to, and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as identified by the local school board. Financing is provided by a special tax levy as authorized by the Public School District Capital Improvements Act. (22-25-1 to 22-25-10 NMSA 1978).

**STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 Summary of Significant Accounting Policies (Continued)

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

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

Additionally, the government reports the following fund types:

The fiduciary funds account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. The fiduciary funds are for student activities. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

Deposits of funds may be made in interest or non-interest-bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or by collateral deposited as security or by bond. The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit. Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

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

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

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The District receives monthly income from a tax levy in Cibola County. The funds are collected by the County Treasurer and are remitted to the District the following month. Under the modified accrual method of accounting, the amount remitted by the Cibola County Treasurer in July and August 2019 is considered 'measurable and available' and, accordingly, is recorded as revenue during the year ended June 30, 2019. Certain Special Revenue Funds are administered on a reimbursement method of funding; other funds are operated on a cash advance method of funding. The funds incurred the cost and submitted the necessary request for reimbursement or advance, respectively.

**STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 Summary of Significant Accounting Policies (Continued)

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

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

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

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. The District expenses the cost of library books when purchased because their estimated useful life is less than one year. Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction during the year ended June 30, 2019.

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

Land improvements	7-20 years
Buildings/building improvements	20-50 years
Furniture and equipment	3-20 years

Deferred Outflows of Resources – Pensions: The government-wide financial statements report pension related expenses and liabilities for the cost-sharing plan one year in arrears, i.e. expenses and liabilities as of June 30, 2018. Contributions of \$2,837,225 made by the District in the current fiscal year are thus applicable to a future reporting period where they will then be expensed. As such, they are presented in the Statement of Net Position as a deferred outflow of resources in the current period. The District has four other deferred outflows which arise due to the implementation of GASB 68; change in proportion, which has no balance; change in assumptions \$17,407,412; investment experience \$186,979; and actuarial experience \$61,644.

Deferred Outflows of Resources – OPEB: The government-wide financial statements report pension related expenses and liabilities for the cost-sharing plan one year in arrears, i.e. expenses and liabilities as of June 30, 2018. Contributions of \$407,927 made by the District in the current fiscal year are thus applicable to a future reporting period where they will then be expensed. As such, they are presented in the Statement of Net Position as a deferred outflow of resources in the current period. The District may have four other deferred outflows which arise due to the implementation of GASB 75; change in proportion; change in assumptions, investment experience; and actuarial experience which have no balances in the current year.

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 Summary of Significant Accounting Policies (Continued)

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

Unearned Revenues: The District recognizes grant revenue at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as unearned revenues. At June 30, 2019, the District had \$257,330 in unearned revenues.

Compensated Absences: Twelve-month employees with 0-9 years of in-district service will earn ten (10) days annual leave per contract year at the rate of one (1) day per contract month. Twelve (12) month employees with 10 years of in-district service or more will earn fifteen (15) days annual leave per contract year. (optional: Employees who are eligible to earn vacation leave and have been with the district less than ten (10) years will earn .3846 days of vacation per pay period. Employees who are eligible and have worked for the district over ten (10) years will earn .5769 days of vacation per pay period. Vacation leave days earned are not property and cannot be donated or sold by the employee to another employee of the School District. Vacation time may be taken during the school year that it is earned, but no more than has been earned at the time it is taken. Vacation time must be taken in no less than ½ day increments when school is in session. Twelve (12)-month employees may accumulate up to forty-five (45) days of vacation leave. The Superintendent may accumulate up to forty-five (45) days of vacation leave. Any leave beyond these limits must be used by June 30 of the current contract year or within eighteen (18) months after the granting of a special provision to extend the limits. Special provisions to extend the limits of accumulated vacation leave by twelve (12)-month employees may be approved by the Superintendent. The Superintendent may extend the limits of accumulated vacation leave by receiving the approval of the Board of Education. Upon cancellation of the employment contract, no payment shall be made for more than thirty (30) days of unused vacation leave for twelve (12)-month employees including the Superintendent. Total compensated absences were \$235,353 at June 30, 2019. Vested or accumulated vacation 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. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the district-wide statement of net position.

Long-term Obligations: In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. For bonds issued after the fiscal year ended June 30, 2004, bond premiums and discounts, will be deferred and amortized over the life of the bonds using the effective interest method. Bonds and notes payable of \$12,933,999 as of June 30, 2019 are reported net of the applicable bond premium or discount. Bond insurance issuance costs will be reported as deferred charges and amortized over the term of the related debt.

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

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

Net Pension Liability: The District records its proportionate share of the difference between the value of total pension liabilities and plan assets for the State of New Mexico's Employee Retirement Board pension plan. For the year ended June 30, 2019, the net pension liability totaled \$84,462,935.

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 Summary of Significant Accounting Policies (Continued)

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

Post-employment 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.

Net Other Post-Employment Benefits Liability: The District records its proportionate share of the difference between the value of total other post-employment benefit (OPEB) liabilities and plan assets for the State of New Mexico's Retiree Health Care plan. For the year ended June 30, 2019 net OPEB liability totaled \$20,306,817.

Deferred Inflows of Resources – Unavailable Revenues: Governmental funds report unavailable revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Revenues not received within sixty (60) days of year-end are not considered available; therefore, a receivable is recorded for the amount due and a corresponding deferred revenue, is recorded as well. Total unavailable revenues of \$947,677 for property taxes and \$319,564 for grants were recorded at June 30, 2019.

Deferred Inflows of Resources – Pensions: Change in actuarial experience \$1,607,465 and change in proportion \$588,416 for the District are applicable to a future reporting period and will be expensed over an established period beginning in the next fiscal year. As such, these amounts are presented in the Statement of Net Position as deferred inflows of resources in the current period.

Deferred Inflows of Resources – OPEB: Changes in actuarial experience \$1,202,294, change in assumptions \$3,791,193, change in investment experience \$253,421, and change in proportion \$415,900 for the District are applicable to a future reporting period and will be expensed over a five-year period beginning in the next fiscal year. As such, these amounts are presented in the Statement of Net Position as deferred inflows of resources in the current period.

Net Position or Fund Equity: Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. In the government-wide financial statements, fund equity is classified as net position and is displayed in three components:

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

Restricted Net Position: Consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (b) law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. The restricted component consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

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

**STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

E. Revenues

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

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

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

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 Summary of Significant Accounting Policies (Continued)

E. Revenues (Continued)

State Equalization Guarantee: School districts in the State of New Mexico receive a 'state equalization guarantee distribution' which is defined as "that amount of money distributed to each school district to insure that the school district's operating revenue, including its local and federal revenues as defined in Chapter 22, Section 825, NMSA 1978 is at least equal to the District's program cost. A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$25,380,772 in state equalization guarantee distributions during the year ended June 30, 2019.

Tax Revenues: The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Property taxes are assessed on January 1 of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. In the government-wide financial statements, the District recognizes property tax revenues in the period for which they are levied, net of estimated refunds and uncollectible amounts. The District records only the portion of the taxes considered to be 'measurable' and 'available' in the government fund financial statements, which is within 60 days of year-end. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes. In the financial statements, the mill levy and ad-valorem taxes are broken out into two types: property taxes – residential and commercial and property taxes – oil and gas. Amounts collected from residential and commercial property taxes at June 30, 2019 were \$4,412,262. No amounts were collected from oil and gas taxes.

Transportation Distribution: School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$1,015,107 in transportation distributions during the year ended June 30, 2019.

Instructional Materials: The New Mexico Public Education Department (PED) receives federal material leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while fifty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2019 totaled \$124,774.

SB-9 State Match: The Director shall distribute to any school district that has imposed a tax under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of Section 22-25-3 NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act. The distribution shall be made by December 1, of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. Provided, however, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary. The District received \$305,883 in state SB-9 matching during the year ended June 30, 2019.

**STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 Summary of Significant Accounting Policies (Continued)

E. Revenues (Continued)

Public School Capital Outlay: Under the provisions of Chapter 22, Article 24, NMSA 1978. The money in the fund may be used only for capital expenditures deemed by the public school capital outlay council necessary for an adequate educational program per Section 22-24-4(B); core administrative functions of the public school facilities authority and for project management expenses upon approval of the council per Section 22-24-4(G); and for the purpose of demolishing abandoned school district facilities, upon application by a school district to the council, per Section 22-24-4(L). During the year ended June 30, 2019, the District received \$902,514 public school capital outlay funds and no special capital outlay funds.

NOTE 2 Stewardship, Compliance and Accountability

Budgetary Information

Money in the fund shall be disbursed by warrant of the Department of Finance and Administration on vouchers signed by the Secretary of Finance and Administration following certification by the council that the application has been approved. During the year ended June 30, 2019, the District received no special capital outlay funds.

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

Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are prepared by management and are approved by the local Board of Education and the School Budget and Planning Unit of the Public Education Department. Auxiliary student activity accounts are not budgeted. Public School Capital Outlay Council expenditures in the Public School Capital Outlay fund are not budgeted at the District level, so there is no budgetary comparison presented. These budgets are prepared on the non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. The budget process in the State of New Mexico requires that the ending cash balance be appropriated in the budget of the subsequent fiscal year.

Actual expenditures may not exceed the budget at the function level, the level of budgetary control for districts. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a 'series,' this may be accomplished with only local board of education approval. If a transfer between 'series' or a budget increase is required, approval must also be obtained from Public School Finance Division. The School District follows these procedures in establishing the budgetary data reflected in the financial statements:

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

**STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 Stewardship, Compliance and Accountability (Continued)

Budgetary Information (Continued)

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

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

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

NOTE 3 Cash and Temporary Investments

State statutes authorize the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2019. Deposits of funds may be made in interest or non-interest-bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or by collateralized as required by the statute.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit. Excess of funds may be temporarily invested in securities which are issued by the State or by the United States Government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

**STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 Cash and Temporary Investments (Continued)

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

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

Deposits

	Wells Fargo Bank	TBK Bank	Total
Total amounts of deposits	\$ 7,568,494	\$ 15,276,952	\$ 22,845,446
FDIC coverage	250,000	250,000	\$ 500,000
Total uninsured public funds	<u>7,318,494</u>	<u>15,026,952</u>	<u>22,345,446</u>
Collateral requirement (50% of uninsured public funds)	3,659,247	7,513,476	11,172,723
Pledged security	<u>4,393,755</u>	<u>9,306,605</u>	<u>\$ 13,700,359</u>
Total over (under) collateralized	<u>\$ 734,508</u>	<u>\$ 1,793,129</u>	<u>\$ 2,527,636</u>

The funds are maintained in interest bearing and non-interest-bearing checking accounts in Wells Fargo Bank and TBK Bank.

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

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

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

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

At June 30, 2019, \$22,345,446 of the District's bank balance of \$22,845,446 was exposed to custodial credit risk as it was uninsured and the collateral was not held in the District's name.

**STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 Cash and Temporary Investments (Continued)

Reconciliation of Cash and Temporary Investments to the Financial Statements

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

Reconciliation to Statement of Net Position

Governmental Funds - Balance Sheet

Cash and cash equivalents per Exhibit A-1	\$ 20,581,858
Statement of Fiduciary Net Position - cash per Exhibit D-1	429,992
Total per financial statements	21,011,850
Add outstanding checks and other reconciling items	1,833,596
	22,845,446
Bank balance of deposits	\$ 22,845,446

The District utilized pooled accounts for their programs and funds. Negative cash balances in individual funds that were part of the pooled accounts should be reclassified as due to/due from accounts in the combining balance sheets at June 30, 2019. Funds 24000 through 25000 are federal funds, 26000 through 29000 funds are non-federal funds. The funds listed in interfund payables in Note 5 are the funds which had negative cash balances as of June 30, 2019:

NOTE 4 Receivables

Receivables as of June 30, 2019 are as follows:

	Major Funds			
	Operational	Instructional	Title I	IDEA-B
	11000	Materials 14000	IASA 24101	Entitlement 24106
Taxes Receivable	\$ 51,824	\$ -	\$ -	\$ -
Due from other governments	-	5,379.00	1,619,944	426,861
Other	29,078	-	-	-
Total receivables	\$ 80,902	\$ 5,379	\$ 1,619,944	\$ 426,861

	Major Funds			Total Governmental Funds
	Capital	Debt Service	Other	
	Improv. SB-9 31701	41000	Governmental Funds	
Property taxes	\$ 201,864	\$ 888,953	\$ 80,662	\$ 1,223,303
Due from other governments	-	-	1,614,466	3,666,650
Other	-	-	-	29,078
Total receivables	\$ 201,864	\$ 888,953	\$ 1,695,128	\$ 4,919,031

The above receivables are deemed 100% collectible. In accordance with GASB No. 33, property tax revenues in the amount of \$947,677 and grant revenues in the amount of \$319,564 were not collected within the period of availability.

**STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 Interfund Receivables, Payables, and Transfers

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

Governmental Activities	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
Operational (11000)	\$ 4,021,789	\$ -
Title I IASA (24101)	-	1,615,214
IDEA-B Entitlement (24106)	-	466,051
Non-major Funds:		
IDEA-B Competitive (24108)	-	5,399
IDEA-B Preschool (24109)	-	5,949
Fresh Fruits and Vegetables (24118)	-	39,068
CDC Healthy Schools Program (24130)	-	6,825
IDEA-B Results Plan (24132)	-	12,070
Reading Excellence (24147)	-	178
Title V Innovative Education Program (24150)	-	1,476
English Language Acquisition (24153)	-	44,013
Teacher/Principal Training & Recruiting (24154)	-	209,713
Safe & Drug Free Schools & Communities (24157)	-	105,619
Rural & Low-Income Schools (24160)	-	61,036
Title I School Improvement (24162)	-	104,713
Reading First (24167)	-	37,106
Carl D. Perkins Special Projects (24171)	-	57,566
Carl D. Perkins Secondary Current (24174)	-	38,727
Carl D. Perkins HSTW Current (24180)	-	114
Student Support Academic Enrichment Title IV (24189)	-	13,576
SIG School Improvement (24224)	-	3,137
Title I School Improv Stimulus (24262)	-	264
Gear Up NM State Initiatives (25205)	-	19,415
Arts in Education (25221)	-	161,004
Dual Credit Instructional Materials (27103)	-	14,271
2012 GO Bond Student Library Fund (SB66) (27107)	-	17,252
NM Reads to Lead K-3 (27114)	-	23,775
Technolgy for Education PED (27117)	-	1,372
Recruitment Support Fund (27128)	-	6,459
TANF Full Day Kindergarten (27136)	-	20,674
Truancy Initiative PED (27141)	-	5,246
PreK Initiative (27149)	-	290,699
Indian Education Act (27150)	-	46,496
Beginning Teacher Mentoring Program (27154)	-	8,611
School Improvement Framework (27164)	-	1,391
Saturday Schools (27165)	-	6,909
Kindergarten Three Plus (27166)	-	81,210
Science Instructional Materials K-12 (27176)	-	1,221
Early College High School Start-Up (27180)	-	191,667
K-3 Plus 4 & 5 Pilot (27198)	-	36,450
Center for Teaching Excellence (28156)	-	2,750
GEAR-UP CHE (28178)	-	70,130
Capital Improvement (SB-9 State) (31700)	-	186,973
Totals	<u>\$ 4,021,789</u>	<u>\$ 4,021,789</u>

All interfund balances are expected to be repaid or closed out within one year.

**STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
NOTES TO THE 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 is not subject to depreciation.

	Balance June 30, 2018	Additions	Deletions	Adjustments	Balance June 30, 2019
Capital assets used in governmental activities:					
Capital assets not being depreciated:					
Land	\$ 64,700	\$ -	\$ -	\$ -	\$ 64,700
Construction in progress	14,245,397	1,417,954	(14,245,397)	-	1,417,954
Total capital assets not being depreciated	<u>14,310,097</u>	<u>1,417,954</u>	<u>(14,245,397)</u>	<u>-</u>	<u>1,482,654</u>
Capital assets being depreciated:					
Land improvements	3,337,308	-	-	1,657,300	4,994,608
Buildings and building improvements	78,480,465	14,345,944	-	6,319,325	99,145,734
Furniture, fixtures, and equipment	10,175,443	204,190	(1,505,033)	428,594	9,303,194
Total capital assets being depreciated	<u>91,993,216</u>	<u>14,550,134</u>	<u>(1,505,033)</u>	<u>8,405,219</u>	<u>113,443,536</u>
Less accumulated depreciation:					
Land improvements	1,784,399	208,385	-	12,285	2,005,069
Buildings and building improvements	31,413,363	2,015,027	-	1,252,505	34,680,895
Furniture, fixtures, and equipment	8,509,405	545,865	(1,476,364)	(1,349,627)	6,229,279
Total accumulated depreciation	<u>41,707,167</u>	<u>2,769,277</u>	<u>(1,476,364)</u>	<u>(84,837)</u>	<u>42,915,243</u>
Total capital assets, net of depreciation	<u>\$ 64,596,146</u>	<u>\$ 13,198,811</u>	<u>\$ (14,274,066)</u>	<u>\$ 8,490,056</u>	<u>\$ 72,010,947</u>

During the year, a prior period adjustment was made for fixed assets related to each category except land. This adjustment related to moving construction in progress out of that category as construction projects finished in prior years were never moved to buildings. Additionally, other capital asset additions in prior years had not been recorded and amounts recorded in the audit report didn't agree with fixed asset detail records of the District; amounts that had been previously paid by the Public Schools Facility Authority (PSFA) had not been recorded; and, the District removed all fixed assets and their related accumulated depreciation, as permitted by the State, for assets which had been booked in the past which are below the \$5,000 capitalization threshold. See Note 18.

Depreciation was allocated for the year as follows:

Governmental activities:	
Instruction	\$ 629,456
Support services - students	24,647
Support services - general administration	25,754
Central services	1,919,940
Operation and maintenance of plant	131,541
Student transportation	20,216
Food services	17,723
Total depreciation	<u>\$ 2,769,277</u>

At June 30, 2019, the District had approximately \$714,000 in construction commitments for the construction of a new football field and track at Grants High School

The Schedule of Capital Assets Used by Source, and the Schedule of Changes in Capital Assets by Function and Activity have not been prepared because the detailed information is unavailable.

**STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 Long-Term Debt

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

	Balance at 06/30/18	Additions	Deletions	Balance at 06/30/19	Due Within One Year
General Obligation Bonds	\$ 15,520,000	\$ -	\$ 3,435,000	\$ 12,085,000	\$ 2,445,000
Educational Technology Notes	1,139,999	-	291,000	848,999	295,000
Compensated Absences	239,673	145,842	150,162	235,353	150,162
Total	\$ 16,899,672	\$ 145,842	\$ 3,876,162	\$ 13,169,352	\$ 2,890,162

General Obligation Bonds: GO Bonds are direct obligations and pledge the full faith and credit of the District. The District has three outstanding general obligation bonds as of June 30, 2019. All general obligation bonds are for governmental activities.

	Series 2010 G.O. Bond	Series 2012 G.O. Bond	Series 2012A G.O. Bond
Issue Date	10/15/2010	4/15/2012	10/23/2012
Original Issue	\$2,500,000	\$2,600,000	\$1,900,000
Maturity Date	10/15/2019	4/15/2020	11/15/2020
Principal	15-Oct	15-Apr	15-Nov
Interest Rate	2.00-2.75%	1.30-2.00%	0.35-2.00%
Principal/Interest	15-Oct	15-Apr	15-Nov
Interest	15-Apr	15-Oct	15-May
	Series 2014 G.O. Bond	Series 2015 G.O. Bond	Series 2016 G.O. Bond
Issue Date	6/25/2014	7/21/2015	8/23/2016
Original Issue	\$2,000,000	\$2,000,000	\$3,000,000
Maturity Date	10/1/2026	10/1/2027	10/1/2028
Principal	1-Oct	1-Oct	1-Oct
Interest Rate	2.00-2.35%	2.00-3.00%	2.00-3.00%
Principal/Interest	1-Oct	1-Oct	1-Oct
Interest	1-Apr	1-Apr	1-Apr
	Series 2017 G.O. Bond		
Issue Date	1/26/2017		
Original Issue	\$2,000,000		
Maturity Date	10/1/2027		
Principal	1-Oct		
Interest Rate	2.00-3.00%		
Principal/Interest	1-Oct		
Interest	1-Apr		

**STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 Long-Term Debt (Continued)

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

Fiscal Year Ending June 30,	Total General Obligation Bonds		Total Debt Service
	Principal	Interest	
2020	\$ 2,445,000	\$ 230,851	\$ 2,675,851
2021	1,360,000	184,201	1,544,201
2022	1,215,000	161,564	1,376,564
2023	1,235,000	139,220	1,374,220
2024	1,265,000	114,054	1,379,054
2025-2029	<u>4,565,000</u>	<u>212,546</u>	<u>4,777,546</u>
Totals	<u>\$ 12,085,000</u>	<u>\$ 1,042,436</u>	<u>\$ 13,127,436</u>

No assets or revenues of the District are pledged for the general obligation bonds. The District receives property tax revenues from the assessed property within the school district limits to pay the principal and interest on the general obligation bonds.

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

Issue Date	Series 2014A Ed Tech Note <u>6/25/2014</u>	Series 2017 Ed Tech Note <u>10/27/2017</u>
Original Issue	\$1,000,000	\$999,999
Maturity Date	10/1/2019	10/1/2022
Principal	1-Oct	1-Oct
Interest Rate	1.50-2.00%	0.1% - 1.4921%
Principal/Interest	1-Oct	1-Oct
Interest	1-Apr	1-Apr

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

Fiscal Year Ending June 30,	Education Technology Notes		Total Debt Service
	Principal	Interest	
2020	\$ 295,000	\$ 7,991	\$ 302,991
2021	298,999	3,783	302,782
2022	105,000	933	105,933
2023	<u>150,000</u>	<u>76</u>	<u>150,076</u>
Totals	<u>\$ 848,999</u>	<u>\$ 12,783</u>	<u>\$ 861,782</u>

**STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 Long-Term Debt (Continued)

No assets or revenues of the District are pledged for the education technology notes. The District receives property tax revenues from the assessed property within the school district limits to pay the principal and interest on the education technology notes.

A prior period adjustment was made for the 2017 education technology note as, while the note for \$999,999 was received in October 2017, it was not included on the prior year's financial statements. See Note 18.

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

Compensated Absences: Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2019, compensated absences decreased \$4,320 over the prior year accrual. See Note 1 for more details.

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

NOTE 8 Unearned Revenues

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

Fund #	Special Revenue Funds:	Amount
24109	IDEA-B Preschool	\$ 13,902
24176	Carl D. Perkins Secondary Redistribution	1,708
25115	Title IX Indian Ed	2,249
25205	Gear Up NM State Initiatives	31,894
27149	PreK Initiative	6,770
28120	NM Highway Dept. Road	200,807
	Total	<u>\$ 257,330</u>

NOTE 9 Risk Management

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

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

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

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NOTE 10 Other Required Individual Fund Disclosures

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

A. Deficit fund balance of individual funds. The following funds reported a deficit fund balance at June 30, 2019:

Fund #	Fund Description	Amount
24101	Title I IASA	24,876
24106	IDEA-B Entitlement	314,126
24108	2013 PreK Classrooms	1,186
24118	Fresh Fruits and Vegetables	7,912
24147	Reading Excellence	178
24150	Title V Innovative Education Program	1,476
24153	English Language Acquisition	20,282
24154	Teacher/Principal Training & Recruiting	23,710
24157	Safe & Drug Free Schools & Communities	105,619
24160	Rural & Low-Income Schools	15,849
24162	Title I School Improvement	104,713
24167	Reading First	37,106
24171	Carl D. Perkins Special Projects	57,566
24174	Carl D. Perkins Secondary - Current	3,023
24180	Carl D. Perkins HSTW - Current	114
24224	SIG School Improvement	3,137
24262	Title I School Improvement Stimulus	264
25221	Arts in Education	161,004
27103	Dual Credit Instructional Materials	14,271
27107	2012 GO Bond Student Library Fund (SB66)	17,252
27117	Technology for Education PED	1,372
27128	Recruitment Support Fund	6,459
27136	TANF Full Day Kindergarten	20,674
27141	Truancy Initiative	5,246
27150	Indian Education Act	35,141
27154	Beginning Teacher Mentoring Program	8,611
27164	School Improvement Framework	1,391
27165	Saturday Schools	6,909
27166	Kindergarten Three Plus	342
27176	Science Instructional Materials K-12	1,221
28156	Center for Teaching Excellence	2,750
28178	GEAR-UP CHE	70,130
31700	Capital Improvements SB-9 (State Match)	378,468
	Total	<u><u>\$ 1,452,378</u></u>

**STATE OF NEW MEXICO
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NOTE 10 Other Required Individual Fund Disclosures (Continued)

B. Excess of expenditures over appropriations. For the year ended June 30, 2019, the District had the following funds with expenditures in excess of appropriations.

Fund #	Fund Name and Function	Amount
Major Funds:		
41000	Debt Service - General Administration	\$ 8,407
Non-Major Funds:		
25153	Title XIX Medicaid 3/21 Years - Support Services	12,474
43000	Education Technology - General Administration	576
	Total	\$ 21,457

C. Cash appropriations in excess of available cash balance. For the year ended June 30, 2019, the District had one fund with cash appropriations in excess of available cash balance.

Fund #	Name	Original Cash Budget	Actual Cash	Difference
22000	Athletics	\$ 148,097	\$ 142,776	\$ (5,321)
	Total	\$ 148,097	\$ 142,776	\$ (5,321)

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

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

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

The Plan is a pension trust fund of the State of New Mexico. The ERA assigns the authority to establish and amend benefit provisions to a seven-member Board of Trustees (Board); the state legislature has 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 employments, as defined Section 22-11-2, NMSA 1978. Employees of public schools, universities, colleges, junior colleges, technical-vocational institutions, state special schools, charter schools, and state agencies providing an educational program, who are employed more than 25% of a full-time equivalency, are required to be members of the Plan, unless specifically excluded.

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

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

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

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

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

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

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

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

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

Benefit Options. The Plan has three benefit options available.

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

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

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

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

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

As of July 1, 2013, for current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction is based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.5%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.7%. Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

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

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

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

The contribution requirements of defined benefit plan members and the District are established in state 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, the District paid employee and employer contributions of \$4,885,271 which equals 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 \$84,462,935 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.

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

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 0.71029%, which was a decrease of 0.00716% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$10,760,250. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net (Inflows) Outflows</u>
Differences between expected and actual experience	\$ 61,644	\$(1,607,465)	\$ (1,545,821)
Changes of assumptions	17,407,412	-	17,407,412
Net difference between projected and actual earnings on pension plan investments	186,979	-	186,979
Changes in proportion and differences between contributions and proportionate share of contributions	-	(588,416)	(588,416)
District's contributions subsequent to the measurement date	<u>2,837,225</u>	<u>-</u>	<u>2,837,225</u>
Total	<u>\$20,493,260</u>	<u>\$(2,195,881)</u>	<u>\$ 18,297,379</u>

Reported deferred outflows of resources of \$2,837,225 related to pensions resulting from the District's contributions subsequent to the measurement date of June 30, 2018 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,

2020	\$ 9,560,347
2021	6,104,010
2022	(206,664)
2023	2,461
2024	-
Thereafter	-
Total	<u>\$ 15,460,154</u>

Actuarial assumptions. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases	3.25% composed of 2.50% inflation, plus a 0.75% productivity increase rate, plus a step-rate promotional increase for members with less than 10 years of service.
Investment Rate of Return	7.25% compounded annually, net of expenses. This is made up of a 2.50% inflation rate and a 4.75 real rate of return.

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

Average of Expected Remaining Service Lives	Fiscal Year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	Service life in years	3.35	3.77	3.92	3.88

Mortality

Healthy males: Based on the RP-2000 Combined Mortality Table with White Collar adjustments, not set back. Generational mortality improvements with Scale BB from the table's base year of 2000.

Healthy females: Based on GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with Scale BB from the table's base year of 2012.

Disabled males: RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB.

Disabled females: RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.

Active members: RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table's base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for preretirement mortality.

Retirement Age Experience-based table rates based on age and service, adopted by the Board on April 21, 2017 in conjunction with the six-year experience study for the period ending June 30, 2016.

Cost-of-Living Increases 1.90% per year, compounded annually; increases deferred until July 1 following the year a member retires, or the year in which a member attains the age of 65 (67 for Tier 3), whichever is later or, for disabled retirees, until July 1 of the third year following retirement.

Payroll Growth 3.00% per year (with no allowance for membership growth).

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

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

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

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

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

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

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

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

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

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

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

<u>1% Decrease (4.69%)</u>	<u>Current Discount Rate (5.69%)</u>	<u>1% Increase (6.69%)</u>
\$ 109,769,466	\$ 84,462,395	\$ 63,814,385

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.

Payables to the pension plan. The District remits the legally required employer and employee contributions on a monthly basis to ERB. The ERB requires that the contributions be remitted by the 15th day of the month following the month for which contributions are withheld. At June 30, 2019 the contributions due and payable by the District were \$265,137 which were paid on July 16, 2019.

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

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

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

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

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

Plan membership	
Current retirees and surviving spouses	51,205
Inactive and eligible for deferred benefit	11,471
Current active members	<u>93,349</u>
Total	<u><u>156,025</u></u>
Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	17,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	<u>48,756</u>
Total	<u><u>93,349</u></u>

Contributions - Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the District were \$599,872 for the year ended June 30, 2019.

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NOTE 12 Other Post-Employment Benefits (OPEB) – State Retiree Health Care Act (RHCA) (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 \$20,306,817 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2018, the District's proportion was 0.46700% which was an increase of 0.00906% from its proportion measured at June 30, 2017.

For the year ended June 30, 2019, the District recognized OPEB expense of \$523,641. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net (Inflows) Outflows</u>
Differences between expected and actual experience	\$ -	\$ (1,202,294)	\$ (1,202,294)
Changes of assumptions	-	(3,791,193)	(3,791,193)
Net difference between projected and actual earnings on pension plan investments	-	(253,421)	(253,421)
Changes in proportion	-	(415,900)	(415,900)
District's contributions subsequent to the measurement date	<u>407,927</u>	<u>-</u>	<u>407,927</u>
Total	<u>\$ 407,927</u>	<u>\$ (5,662,808)</u>	<u>\$ (5,254,881)</u>

Deferred outflows of resources totaling \$407,927 represent the District's contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30,

2020	\$ (1,421,240)
2021	(1,421,240)
2022	(1,421,240)
2023	(1,117,624)
2024	(281,464)
Thereafter	-
Total	<u>\$ (5,662,808)</u>

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

Valuation Date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis.
Asset valuation method	Market value of assets

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

Actuarial assumptions:

Inflation	2.50% for ERB, 2.25% for PERA
Projected payroll increases	3.25% to 12.5% based on years of service including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation.

Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs
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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
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Rate of Return: The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions. The best estimates for the long-term expected rate of return is summarized as follows:

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

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

**STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates: The following presents the net OPEB liability of the School, 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 (4.08 percent) than the current discount rate:

1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
\$ 24,576,030	\$ 20,306,817	\$ 16,941,725

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

1% Decrease	Current Trend Rates	1% Increase
\$ 17,166,380	\$ 20,306,817	\$ 22,768,990

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

Payable changes in the net OPEB liability: At June 30, 2019, the District reported a payable of \$33,296 for outstanding contributions due to NMRHCA for the year ended June 30, 2019 which was paid on July 11, 2019.

NOTE 13 Unavailable Revenues

The District had \$947,677 of unavailable revenues related to property taxes which had not been paid by property owners within 60 days of year-end as of June 30, 2019. The District also had \$319,564 of grant revenue that was not received from the state within 60 days of year-end as well.

NOTE 14 Concentrations

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

NOTE 15 Contingent Liabilities

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

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

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16 Tax Abatement Disclosures

GASB Statement No. 77 requires government agencies to identify any tax abatement agreements that affect the government agency and disclose the amount of tax which was abated. There is an industrial revenue bond tax abatement provided to Red Mesa Wind, LLC which does affect the District. The industrial revenue bond was issued by Cibola County under the provisions of 7-37-3 NMSA. The information provided indicates that the District did not receive an fewer revenues than it would have received if there was no tax abatement. As such, the District is unable to determine if there is negative affect on the District. The District receives a payment in lieu of taxes (PILOT) in the amount of \$312,500 each year from the entity. This payment will continue into the future until the end of the industrial revenue bond.

NOTE 17 Subsequent Accounting Standard Pronouncements

In January 2017, GASB Statement No. 84 *Fiduciary Activities*, was issued. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The District is still evaluating how this standard will affect the District.

In June 2017, GASB Statement No. 87 *Leases*, was issued. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The District is still evaluating how this standard will affect the District.

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

In August 2018, GASB Statement No. 90 *Majority Equity Interests – An Amendment of GASB Statement No. 14 and No. 61*, was issued. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 17 Subsequent Accounting Standard Pronouncements (Continued)

holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The District is still evaluating how this standard will affect the District.

In May 2019, GASB Statement No. 91 *Conduit Debt Obligations*, was issued. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

NOTE 18 Prior Period Adjustments

The District has made multiple prior period adjustments in the current year. These prior period adjustments, which in total increased net position by \$9,700,416, are detailed below:

- In the prior year, the District had sold an education technology note in the amount of \$999,999 which had not been recorded on the books. This was recorded in the current year which resulted in a decrease in net position of \$999,999.
- In the prior year, the District had sold an education technology note which resulted in net cash being provided to the District in the Educational Technology Equipment Act (31900) in the amount of \$952,362 which resulted in an increase in net position.
- During the current year, the District identified several issues with its fixed assets – prior additions not booked in prior years, including amounts from PSFA; total detailed assets not included in prior audit totals; total detailed depreciation amounts not agreeing to prior audit totals; amounts not being moved out of construction in progress to buildings; and miscellaneous other issues. The total issues resulted in a net increase of capital assets in the amount of \$8,490,056 which increased net position by that amount.
- In the prior two year's audit, an accounts payable amount of \$1,402,257 was recorded in Capital Improvements SB-9 (State) (31700) which was not a valid payable which resulted in an increase in net position.
- In the prior year, taxes were reported in Capital Improvements SB-9 (State) (31700) when the amounts should have been recorded in Capital Improvements SB-9 (Local). This resulted in a net transfer of \$139,166 in fund balance between Capital Improvements SB-9 (State) (31700) and Capital Improvements SB-9 (Local) (31701).
- Additionally, the taxes reported in Capital Improvements SB-9 (State) (31700) required a prior period adjustment which reduced net position by \$25,009.

**STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 18 Prior Period Adjustments (Continued)

- In the prior year's audits, receivables were recorded in funds which weren't true receivables as no funds are going to be received from the funds' grantors for the negative fund balances. These prior period adjustments resulted in a reduction in net position of \$121,976. The funds that were affected and the amount of reduction in fund balances are as follow:
 - Title V Innovative Education Program (24150) in the amount of \$125.
 - Indian Education Title VII (24155) in the amount of \$29,667.
 - Dual Credit Instructional Materials (27103) in the amount of \$15,225.
 - 2012 GO Bond Student Library Fund (SB66) (27107) in the amount of \$17,252.
 - TANF PED School-aged Child Care (27115) in the amount of \$46,781.
 - Recruitment Support Fund (27128) in the amount of \$6,459.
 - Truancy Initiative PED (27141) in the amount of \$5,246.
 - Science Instructional Materials K-12 (27176) in the amount of \$1,221.
- In the prior year's audit, three additional funds had liabilities incorrectly recorded. An adjustment to these three funds resulted in a net increase of net position of \$2,725. The three funds are as follow:
 - Teacher/Principal Training & Recruiting (24154) with a reduction in fund balance in the amount of \$5,937.
 - Indian Education Title VII (24155) with an increase in fund balance in the amount of \$13.
 - Teachers "hard to staff" Stipends (27195) with an increase to fund balance in the amount of \$8,649.

NOTE 19 Subsequent Events

A review of subsequent events through November 12, 2019, which is the date the financial statements were available to be issued, one item of audit significance. The voters approved the authorization of general obligation bond sales in the amount of \$10,000,000.

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REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
EDUCATIONAL RETIREMENT BOARD (ERB) PLAN
LAST 10 FISCAL YEARS*
JUNE 30, 2019

Schedule I

Fiscal Year Ended June 30,	Measurement Date - Year Ended June 30,	District's Proportion of the Net Pension Liability (NPL)	District's Proportionate Share of the NPL	District's Covered- Employee Payroll	District's Proportionate Share of the NPL as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	2018	0.71029%	\$ 84,462,935	\$ 20,322,219	415.62%	52.17%
2018	2017	0.71745%	\$ 79,733,578	\$ 19,565,299	407.53%	52.95%
2017	2016	0.72140%	\$ 51,915,072	\$ 20,428,900	254.13%	61.58%
2016	2015	0.72562%	\$ 47,000,340	\$ 19,811,750	237.23%	63.97%
2015	2014	0.74590%	\$ 42,559,608	\$ 20,560,036	207.00%	66.54%

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

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

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
SCHEDULE OF PENSION CONTRIBUTIONS
EDUCATIONAL RETIREMENT BOARD (ERB) PLAN
LAST 10 FISCAL YEARS*
JUNE 30, 2019

Schedule II

Fiscal Year Ended June 30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2019	\$ 2,837,225	\$ 2,837,225	\$ -	\$ 20,322,219	13.96%
2018	2,766,910	2,766,910	-	19,565,299	14.14%
2017	2,839,510	2,839,510	-	20,428,900	13.90%
2016	2,863,578	2,863,578	-	19,811,750	14.45%
2015	2,868,248	2,868,248	-	20,560,036	13.95%

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

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

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
EDUCATIONAL RETIREMENT BOARD (ERB) PLAN
JUNE 30, 2019

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

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

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

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

STATE OF NEW MEXICO
 GRANTS/CIBOLA COUNTY SCHOOLS
 SCHEDULE OF PROPORTIONATE SHARE OF THE
 NET OTHER POST-EMPLOYMENT BENEFITS (OPEB)
 RETIREE HEALTH CARE AUTHORITY (RHCA)
 LAST 10 FISCAL YEARS*
 JUNE 30, 2019

Schedule III

Fiscal Year Ended June 30,	Measurement Date - Year Ended June 30,	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered- Employee Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2019	2018	0.46700%	\$ 20,306,817	\$ 19,830,981	102.40%	13.14%
2018	2017	0.47606%	\$ 21,573,483	\$ 19,830,981	108.79%	11.34%

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

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

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
SCHEDULE OF OTHER POST-EMPLOYMENT BENEFITS (OPEB) CONTRIBUTIONS
RETIREE HEALTH CARE AUTHORITY (RHCA)
LAST 10 FISCAL YEARS*
JUNE 30, 2019

Schedule IV

Fiscal Year Ended June 30,	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered employee payroll	Contributions as a percentage of covered-employee payroll
2019	407,927	\$ 407,927	\$ -	\$ 20,395,535	2.00%
2018	398,218	\$ 398,218	\$ -	\$ 19,830,981	2.01%

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

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

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
RETIREE HEALTH CARE AUTHORITY (RHCA)
JUNE 30, 2019

Changes in assumptions and methods. RHCA conducts an actuarial experience study for the Plan on a biennial basis. Based on the six-year actuarial experience study presented to the Board of Trustees on June 30, 2017, RHCA implemented the following changes in assumptions for fiscal years 2018 and 2017.

The total OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2018. The mortality, retirement, disability, turnover, and salary increase assumptions are based on the PERA annual valuation as of June 30, 2017 and the ERB actuarial experience study as of June 30, 2017.

- 1) Fiscal year 2018 valuation assumptions that changed based on this study:
 - a. Minor changes to demographic assumptions
- 2) Assumptions that were not changed:
 - a. Investment return 7.25%
 - b. Inflation rate 2.50% for ERB and 2.25% for PERA
 - c. Population growth per year at 0.00%
 - d. Health care cost trend rate 8% graded down to 1.5% over 14 years for Non-Medicare medical plan costs and 7.5%

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

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

Statement A-1

	Special Revenue	Capital Projects	Debt Service	Total
ASSETS				
<i>Current assets:</i>				
Cash and temporary investments	\$ 6,178,690	\$ 2,009,912	\$ 400,339	\$ 8,588,941
Accounts receivable				
Taxes	-	-	80,662	80,662
Due from other governments	1,430,500	183,966	-	1,614,466
Interfund receivables	-	-	-	-
Other	-	-	-	-
Prepays	-	-	740	740
Inventory	34,767	-	-	34,767
	<u>7,643,957</u>	<u>2,193,878</u>	<u>481,741</u>	<u>10,319,576</u>
 <i>Total assets</i>				
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable	19,436	753,081	-	772,517
Accrued payroll liabilities	121,455	-	-	121,455
Interfund payables	1,753,551	186,973	-	1,940,524
Unearned revenue	257,330	-	-	257,330
	<u>2,151,772</u>	<u>940,054</u>	<u>-</u>	<u>3,091,826</u>
 <i>Total liabilities</i>				
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	-	-	58,578	58,578
Unavailable revenues - other	57,566	-	-	57,566
	<u>57,566</u>	<u>-</u>	<u>58,578</u>	<u>116,144</u>
 <i>Total deferred inflows of resources</i>				
FUND BALANCES				
Nonspendable	34,767	-	740	35,507
Restricted for:				
Grant mandates	2,540,511	-	-	2,540,511
Capital projects	-	285,457	-	285,457
Debt service	-	-	70,389	70,389
Assigned	3,594,249	1,346,835	352,034	5,293,118
Unassigned	(734,908)	(378,468)	-	(1,113,376)
	<u>5,434,619</u>	<u>1,253,824</u>	<u>423,163</u>	<u>7,111,606</u>
 <i>Total fund balances</i>				
 <i>Total liabilities, deferred inflows of resources, and fund balances</i>				
	<u>\$ 7,643,957</u>	<u>\$ 2,193,878</u>	<u>\$ 481,741</u>	<u>\$ 10,319,576</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Statement A-2

	Special Revenue	Capital Projects	Debt Service	Total
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ 296,789	\$ 296,789
State grants	1,298,582	1,208,397	-	2,506,979
Federal grants	5,305,514	-	-	5,305,514
Miscellaneous	312,500	-	-	312,500
Charges for services	710,825	-	-	710,825
Investment income	18,360	13,493	-	31,853
<i>Total revenues</i>	<u>7,645,781</u>	<u>1,221,890</u>	<u>296,789</u>	<u>9,164,460</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	3,472,747	-	-	3,472,747
Support services				
Students	628,841	-	-	628,841
Instruction	-	-	-	-
General administration	277,397	-	2,836	280,233
School administration	116,812	-	-	116,812
Central services	-	-	-	-
Operation & maintenance of plant	10,895	-	-	10,895
Student transportation	5,426	-	-	5,426
Other support services	-	-	-	-
Food services operations	2,388,466	-	-	2,388,466
Community services	-	-	-	-
Capital outlay	-	2,164,290	-	2,164,290
Debt service				
Principal	-	-	291,000	291,000
Interest	-	-	8,340	8,340
<i>Total expenditures</i>	<u>6,900,584</u>	<u>2,164,290</u>	<u>302,176</u>	<u>9,367,050</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>745,197</u>	<u>(942,400)</u>	<u>(5,387)</u>	<u>(202,590)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>745,197</u>	<u>(942,400)</u>	<u>(5,387)</u>	<u>(202,590)</u>
<i>Fund balances - beginning of year</i>	4,808,673	(272,552)	428,550	4,964,671
<i>Prior period adjustment</i>	(119,251)	2,468,776	-	2,349,525
<i>Adjusted fund balances - beginning of year</i>	<u>4,689,422</u>	<u>2,196,224</u>	<u>428,550</u>	<u>7,314,196</u>
<i>Fund balances - end of year</i>	<u>\$ 5,434,619</u>	<u>\$ 1,253,824</u>	<u>\$ 423,163</u>	<u>\$ 7,111,606</u>

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

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SPECIAL REVENUE FUNDS

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
SPECIAL REVENUE FUNDS DESCRIPTIONS
FOR THE YEAR ENDED JUNE 30, 2019

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

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

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

Non-Instructional Support (23000) – To account for budgeted revenues and expenditures which relate to student activities other than athletics. No minimum balance required according to legislation.

Title I Capital Expense IASA (24104) – To account for grant funds provided to the District for the purpose of meeting the educational needs of the handicapped. Funding authority is the US Department of Education. (Public Law 94-142). No minimum balance required according to legislation.

Title I Program Improvement IASA (24105) – To account for resources provided to the District for the purpose of meeting the educational needs of the handicapped. Funding authority is the US Department of Education. (Public Law 94-142). No minimum balance required according to legislation.

IDEA-B Discretionary (24107) – The purpose of this program is to provide administrators and program directors with information and strategies that will support licensed and waived teachers in the areas of special education with day-to-day functions of the classroom. Authority for creation of this fund is Individuals with Disabilities Education Act (IDEA), Part B, Sections 611-617, and Part D Section 674 as amended, 20 U.S.C. 1411-1417 and 1420, Public Law 105-17. No minimum balance required according to legislation.

IDEA-B Competitive (24108) – The purpose of this program is to provide administrators and program directors with information and strategies that will support licensed and waived teachers in the areas of special education with day-to-day functions of the classroom. Authority for creation of this fund is Individuals with Disabilities Education Act (IDEA), Part B, Sections 611-617, and Part D Section 674 as amended, 20 U.S.C. 1411-1417 and 1420, Public Law 105-17. No minimum balance required according to legislation.

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

Fresh Fruits and Vegetables (24118) – To assist States, through cash grants, in providing free fresh fruits and vegetables to school children in designated participating schools beginning in school year 2004/2005. Authorized by National School Lunch Act, as amended, 42 U.S.C. 1769. No minimum balance required according to legislation.

Title I 1003g Grant (24124) – To fund research-based core academic programs, results-based interventions, or professional development aimed at improving instructional practices and programs with the intent to help schools demonstrate improvement greater than chance in academic achievement by one or more subgroups in math or reading or both. No minimum balance required according to legislation.

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GRANTS/CIBOLA COUNTY SCHOOLS
SPECIAL REVENUE FUNDS DESCRIPTIONS
FOR THE YEAR ENDED JUNE 30, 2019

Learn & Service (CNCS) (24126) – To account for a program funded by project grants. The program encourages elementary and secondary schools and community-based agencies to create, develop and offer service-learning opportunities into classrooms to enhance academic learning; coordinate adult volunteers in schools; and introduce young people to a board range of careers and encourage them to pursue further education and training. The National and Community Service Trust Act of 1993 and the Higher Education Act of 1965 authorize this program. No minimum balance required according to legislation.

Title IV Drug Free Schools & Comm/Ed (24128) – To account for the operations to promote drug use prevention education, intervention and rehabilitation referral in public schools. Funding authority is the U.S. Department of Education (P.L. 103-382). No minimum balance required according to legislation.

CDC Healthy Schools Program (24130) – To account for support for improving health and academic success. Funding authority is the U.S. Centers for Disease Control. No minimum balance required according to legislation.

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

Enhancing Education Through Technology (24133) – To account for a federal grant designed to strengthen teacher learning in the field of technology. No minimum balance required according to legislation.

Comprehensive School Reform (24135) – To stimulate school wide changes in schools that need to substantially improve student academics, particularly Title I Schools, so that students in these schools can meet state content and performance standards. Funding authority is the New Mexico Public Education Department. No minimum balance required according to legislation.

Class Size Reduction Act (24137) – This is a flow-through grant that provides federal funding for the purpose of hiring additional classroom teachers for grades K-3 in order to reduce the pupil-teacher ratio in early childhood classrooms. Funding is through the New Mexico Public Education Department (P.L. 105-227). No minimum balance required according to legislation.

Reading Excellence (24147) – To purchase technology hardware to implement the Star Online Professional Development Project (NM Public Education Department, PSAB Supp. 3). No minimum balance required according to legislation.

Title V Innovative Education Program (24150) – To establish a local program of alcohol and drug abuse education and prevention coordinated with related community efforts and resources. The authority for creation of this fund is Elementary and Secondary Education Act of 1965, Title V, Part A, as amended, 20 U.S.C. 7301-7373. No minimum balance required according to legislation.

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. No minimum balance required according to legislation.

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

Indian Education Title VII (24155) – The purpose of the Indian Education Formula Grants program is to assist LEA Indian Tribes and others to provide Indian students with the opportunity to meet the same challenging state standards as all other students and meet the special educational and culturally related academic need of the American Indian. Authority for the creation of this fund is the New Mexico Public Education Department. No

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minimum balance required according to legislation.

Safe & Drug Free Schools & Communities (24157) – To establish a local program of alcohol and drug abuse education and prevention coordinated with related community efforts and resources. The authority for creation of this fund is the Elementary and Secondary Education Act Title IV, Part A, Subpart 1, as amended. 20 U.S.C. 7111-7118. No minimum balance required according to legislation.

Rural & Low-Income Schools (24160) – To account for funds used to provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended. No minimum balance required according to legislation.

Title I School Improvement (24162) – To account for funds used to provide financial assistance to districts to purchase and install educational materials and systems to help improve the quality of teaching and learning in their schools. (Authority: PL 100-297) No minimum balance required according to legislation.

Reading First (24167) – The objective of this program is to enhance reading proficiency for K-3 students. Authority for creation is Elementary and Secondary Education Act of 1965, as amended, Title I, Part B, Subpart 1. No minimum balance required according to legislation.

Carl D. Perkins Tech Prep. – PY Unliquidated Obligations (24169) – The objective of this grant is to provide secondary and post-secondary educational institutions the opportunity of develop, implement, and operate programs using different models of curricular that integrate vocational and academic learning. Funds are acquired from federal sources through the New Mexico Public Education Department. Authority for creation of fund is Carl D. Perkins Vocational and Applied Technology Education Act of 1990, as amended, Public Law 105-332. No minimum balance required according to legislation.

Carl D Perkins Special Projects – Current (24171) – To account for the grant awarded for the implementation of Jobs for America’s Graduates/Jobs for New Mexico’s Graduates (JAG). Authority for creation of this fund is Carl D. Perkins Career and Technical Education Improvement Act of 2006 (Perkins IV). No minimum balance required according to legislation.

Carl D Perkins Secondary – Current (24174) – To account for federal funds to provide vocational and technical education for secondary education. (Authority: P.L. 105-332). No minimum balance required according to legislation.

Carl D Perkins Secondary – Redistribution (24176) – Redistribution for the program as described above in 24174. (Authority: P.L. 105-332). No minimum balance required according to legislation.

Carl D Perkins HSTW- Current (24180) – 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. Authority for creation of this fund is Carl D. Perkins Vocational and Applied Technology Education Act of 1990, as amended, Public Law 105-332. No minimum balance required according to legislation.

Carl D. Perkins HSTW – PY Unliquidated Obligations (24181) – To provide support for teacher preparation and effectiveness for student achievement. Monies are for carryover the prior year program. No minimum balance required according to legislation.

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

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FOR THE YEAR ENDED JUNE 30, 2019

Title I – IASA – Federal Stimulus (24201) – Under the American Recovery and Reinvestment Act of 2009 (ARRA), these federal funds are intended to create an opportunity for educators to implement strategies that will improve education for at risk students and close the achievement gaps while also stimulating the economy. No minimum balance required according to legislation.

Entitlement IDEA-B – Federal Stimulus (24206) – To account for the American Recovery Reinvestment Act of 2009 (ARRA) funding for Entitlement IDEA-B to meet the educational needs of the District. American Recovery and Reinvestment Act of 2009. No minimum balance required according to legislation.

SIG School Improvement (24224) – Funded through the American Recovery and Reinvestment Act (ARRA) of 2009. This funding is to be used in conjunction with school improvement strategies and activities consistent. The funds must be expended in accordance with the American Recovery Act of 2009 language. No minimum balance required according to legislation.

Title I School Improvement Stimulus (24262) – 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 of free or reduced-price lunches. Any school with a free and reduced-price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criteria that identify a campus; educational need determines the students to be served. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Education. Authority for creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383. No minimum balance required according to legislation.

Title IX Indian Ed (25115) – To account for resources provided for improvement of education of Native Americans (ESEA, Indian Education). No minimum balance required according to legislation.

Impact Aid Special Education (25145) – To account for a program funded by a Federal grant to provide financial assistance to local educational agencies (LEAs) where enrollments or availability of revenue are adversely affected by Federal activities, i.e. where the tax base of a district is reduced through the Federal acquisition of real property (Section 8002, ESEA), where there are a significant number of children who reside on Federal (including Native American) lands and/or children whose parents are employed on Federal property or in the Uniformed Services (Sections 8003 and 8007, ESEA), where there is a sudden increase in school enrollment as the result of Federal activities (Section 8006, ESEA). To provide disaster assistance for reduced or increased operating costs for replacing or repairing damaged or destroyed support equipment and books and for repairing minor damage to facilities. Funding is authorized by the Elementary and Secondary Education Act, Title VIII, as amended. No minimum balance required according to legislation.

Impact Aid Indian Education (25147) – To account for funding of a Federal program to provide financial assistance to local educational agencies (LEA's) where enrollments or availability of revenue are adversely affected by Federal activities, i.e. where the tax base of a district is reduced through the Federal acquisition of real property (Section 2), or where there are a significant number of children who reside on Federal (including Indian) lands and /or children whose parents are employed on Federal property or in the Uniformed Services (Section 3(a) and 3(b)): where there is a significant decrease (Section 3(c)) or a reduced or increased operating costs (Section 4) in school enrollment as the result of Federal activities; to provide disaster assistance for reduced or increased operating costs (Section 7(a)), for replacing or repairing damaged or destroyed supplies, equipment, and books, and for repairing minor damage to facilities. Funding authorized by Public Law 81-874. No minimum balance required according to legislation.

GRADS Child Care CYFD (25149) – To account for a Public Education Department grant through Children, Youth, and Families Department to provide for the maintenance and expansion of the teen parent programs. Authorized by the School Board and the New Mexico Public Education Department. No minimum balance required according to legislation.

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FOR THE YEAR ENDED JUNE 30, 2019

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

Bilingual Ed Dev & Implementation Grant (25161) – To account for bilingual education programs of the District. Funding authority is the U.S. Department of Education (Improving America’s Schools Act of 1994, P.L. 103-382). No minimum balance required according to legislation.

TANF/GRADS (25162) – To assist needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of two-parent families. Social Security Act, Title IV, Part A, as amended; Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193. No minimum balance required according to legislation.

Indian Ed Formula Grant (25184) – To account for a program funded by a Federal grant to develop and carry out supplementary elementary and secondary school programs designed to meet the special educational and culturally related academic needs of Indian children, for example to: 1) Improve academic performance, 2) Reduce school dropout rates and improve attendance, and 3) Integrate the value of cultural education into the school curriculum for Indian children. Funding authorized by Indian Education Act of 1988, Title V, Part C, Subpart 1, as amended, Public Law 100-297 and 93-638, 25 U.S.C. 2601-2606. No minimum balance required according to legislation.

ROTC (25200) - This fund is used to provide financial assistance to School Districts to reimburse a portion of the salaries paid to R.O.T.C. instructors. The funding is provided by the U.S. Marine Corps. No minimum balance required according to legislation.

GEAR UP NM State Initiatives (25205) – To provide students from middle school to high school to gain early awareness and readiness for college undergraduate programs. This is a long-term project for improving the college-and career-readiness of our students. Authority for the creation of this fund is the Higher Education Act of 1965, as amended, Title IV, Part A, Subpart 2, Chapter 2. No minimum balance required according to legislation.

Arts in Education (25221) – The fine arts education program includes programs of education through which students participate in activities relative to visual arts, music, theater and dance. Authority for creation of this fund is the New Mexico Public Education Department. No minimum balance required according to legislation.

US West Foundation (26133) – To account for private grants.

Save the Children (26143) - The purpose is to provide improved reading intervention through in-school and after school activities, improve the academic performance of students at risk of failure due to poor reading skills. Authority for creation of this fund is the New Mexico Public Education Department. No minimum balance required according to legislation.

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

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

New Mexico Reads to Lead K-3 (27114) – Funds may be used to supplement and not supplant any moneys currently being used to embed the essential components of reading instruction into all elements of the K-3 teaching structures in schools. No minimum balance required according to legislation.

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FOR THE YEAR ENDED JUNE 30, 2019

TANF PED School-aged Child Care (27115) – For material and support for the before-school program, breakfast club, afterschool tutoring, home tutoring, and summer programs that include 5-8-year-old children of needy families on temporary assistance. Funding is provided by the University of New Mexico Educational Foundations Student Services Center. No minimum balance required according to legislation.

Technology for Education PED (27117) – The purpose of this grant is to assist the District to develop and implement a strategic, long-term plan for utilizing educational technology in the school system. Funds accounted for in this fund are received from the State of New Mexico. The authority for creation of this fund is NMSA 22-15A-1 to 22-15A-10. No minimum balance required according to legislation.

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

Recruitment Support Fund (27128) – To account for monies received to help districts offset the costs of teacher recruiting costs. No minimum balance required according to legislation.

TANF - Full Day Kindergarten (27136) – The purpose of this grant is to provide educational instruction for full-day kindergarten. Authority for the creation of this fund is the New Mexico Public Education Department. No minimum balance required according to legislation.

Incentives for School Improvement Act PED (27138) – To account for monies received from the Award for High Improving Schools provided by the State of New Mexico for the purpose of identifying special needs at awarded locations and to purchase items to improve those schools. No minimum balance required according to legislation.

Truancy Initiative PED (27141) – To account for monies received to help students who are truant from school to be required to perform community service rather than being suspended from school. No minimum balance required according to legislation. No minimum balance required according to legislation.

Libraries - GO Bonds – Laws of NM 2005 (27145) – In the November 2006 election, New Mexico voters approved GO Bond to fund public school and juvenile detention libraries statewide. Statute specifies that the funds are available to acquire library books, equipment and library resources for public school and juvenile detention libraries. No minimum balance required according to legislation.

Federal Relief (27147) – To account for monies received from the State of New Mexico for Support Services for Urban American Indian Students. Used to implement an effective tutoring program to increase academic achievement and provide culturally relevant learning experiences for Urban American Indian students. No minimum balance required according to legislation.

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

Indian Education Act (27150) – To account for funding provided by New Mexico Legislature through the New Mexico Public Education Department supporting various Exemplary Culture Based Education programs. No minimum balance required according to legislation.

Mid-School Tutoring & Student Enhancement (27153) – To account for funds used for tutoring students (NM Public Education Department, PSAB Supp. 3). No minimum balance required according to legislation.

Beginning Teacher Mentoring Program (27154) – The objective of this program is to provide beginning teachers an effective transition into the teaching profession, retain capable teachers, improve the achievement of students and improve the overall success of the school. Funding is provided by the New Mexico Board of Education. Authority from creation of this fund is NMSA 22-2-8-10. No minimum balance required according to legislation.

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Breakfast for Elementary Students (27155) – The 2005 Legislative General Appropriations Act allocated \$475,000 to implement Breakfast in the Classroom for elementary schools in need of improvement based on 2004-2005 AYP designation. No minimum balance required according to legislation.

School Improvement Framework (27164) – Funds will enable the District to act as one of three Regional Quality Centers to provide program development, implementation, training, oversight and funding distribution services to the three Regional Quality Centers. Authority for the creation of this fund is the New Mexico Public Education Department. No minimum balance required according to legislation.

Saturday Schools (27165) - To provide funds for college readiness and high school redesign initiative. No minimum balance required according to legislation.

Kindergarten – Three Plus (27166) – To account for funds provided through the New Mexico House of Representatives to establish a fund to allow New Mexico public schools and districts to develop a six year pilot project that extends the school year for kindergarten through third grade by up to two months for participating students to measure the effect of additional time on literacy, numeric and social skills development. No minimum balance required according to legislation.

Science Instruction Materials K-12 (27176) – These state appropriated funds are for the purchase of science instructional material for grades 6-8. Authority for the creation of this fund is the New Mexico Public Education Department. No minimum balance required according to legislation.

Early College High School Initiative (27180) – Early college high schools are schools that blend high school and college into a coherent educational program. The funding agency is the NM PED. No minimum balance required according to legislation.

Teachers “hard to staff” Stipends (27195) – Funding for stipends for teachers in hard to staff areas as specified by legislation for STEM/hard-to-staff recruitment and/or retention stipends. These teacher stipends are \$5,000 per teacher and may only be awarded to teachers who have met the award criteria. Authorization for this stipend is NMPED. No minimum balance required according to legislation.

K-3 Plus 4 & 5 Pilot (27198) – To account for monies which the New Mexico legislature appropriated for additional education time for kindergarten through 5th grade with at least 25 instructional days beginning up to two months earlier than the regular school year. No minimum balance required according to legislation.

School Library Material Fund FY 08 (27549) – Funds awarded to the District by the Instructional Materials Bureau in accordance with 2008 Senate Bill 471 for purchases of library books. Authorized by the School Board and the New Mexico Public Education Department. No minimum balance required according to legislation.

Health Dept - Child Care Center (28117) – To provide before and after school childcare services for teens in the District. The grant supplements GRADS and is provided from the New Mexico Department of Public Health and Human Services. (P.L. 104- 193). No minimum balance required according to legislation.

NM Highway Department (28120) – To account for road funds provided by the New Mexico Highway Department. No minimum balance required according to legislation.

Coordinated Approach to Child Health (28140) - To account for a program used to enhance science and math education (NM Dept. of Ed., PSAB. Supp. 3). No minimum balance required according to legislation.

Center for Teaching Excellence (28156) – The objective of this program is to provide state funds provided by the Center for Teaching Excellence to specific teachers in the Schools. The expenditure of the funds is restricted to items in the grant application. Authority for creation for this fund is in the New Mexico Public Education Department School District Policies and Procedures Manual. No minimum balance required according to legislation.

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AP New Mexico Incentive Funding (28168) - To provide textbooks and materials for advanced placement at various schools. Funding by the New Mexico Public Education Department. No minimum balance required according to legislation.

GEAR-UP CHE (28178) – The purpose of this grant is to increase the number of low-income students who, upon graduation from high school, have the skills and knowledge to succeed in college. No minimum balance required according to legislation.

GRADS – Child Care (28189) – Partially fund the salary and benefits for a teacher participating in the GRADS program. Authority for the creation of this fund is the New Mexico Public Education Department. No minimum balance required according to legislation.

GRADS – Instruction (28190) – To assist in the cost for caps and gowns for students who are graduating. Authority for the creation of this fund is the New Mexico Public Education Department. No minimum balance required according to legislation.

Private Direct Grants (29102) – To provide students with experiences and career awareness in wildlife, forestry and environmental management operations. No minimum balance required according to legislation.

RE: Learning New Mexico (29112) – To account for resources used in the program called RE: Learning New Mexico. (NM Public Education Department, PSAB Supp. 3). No minimum balance required according to legislation.

Industrial Revenue Bonds Payments In lieu of Taxes (29135) – Funds received from a Solar Facility located in the District. Funds are for student instruction support. Authority for creation of this fund is the New Mexico Public Education Department. No minimum balance required according to legislation.

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NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30 , 2019

Statement B-1

	Food Service 21000	Athletics 22000	Non-Instruct. Support 23000	Title I Capital Expense IASA 24104	Title I Program Improv IASA 24105
ASSETS					
<i>Current assets:</i>					
Cash and temporary investments	\$ 2,618,122	\$ 143,275	\$ 169,068	\$ 1,531	\$ 15,000
Accounts receivable					
Taxes	-	-	-	-	-
Due from other governments	185,141	-	-	-	-
Interfund receivables	-	-	-	-	-
Other	-	-	-	-	-
Prepays	-	-	-	-	-
Inventory	34,767	-	-	-	-
<i>Total assets</i>	<u>2,838,030</u>	<u>143,275</u>	<u>169,068</u>	<u>1,531</u>	<u>15,000</u>
LIABILITIES					
<i>Current liabilities:</i>					
Accounts payable	19,436	-	-	-	-
Accrued payroll liabilities	30,989	-	491	-	-
Interfund payables	-	-	-	-	-
Unearned revenue	-	-	-	-	-
<i>Total liabilities</i>	<u>50,425</u>	<u>-</u>	<u>491</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	-	-	-	-	-
Unavailable revenues - other	-	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	34,767	-	-	-	-
Restricted for:					
Grant mandates	1,418,045	19,482	4,372	1,531	15,000
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	1,334,793	123,793	164,205	-	-
Unassigned	-	-	-	-	-
<i>Total fund balances</i>	<u>2,787,605</u>	<u>143,275</u>	<u>168,577</u>	<u>1,531</u>	<u>15,000</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 2,838,030</u>	<u>\$ 143,275</u>	<u>\$ 169,068</u>	<u>\$ 1,531</u>	<u>\$ 15,000</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30 , 2019

Statement B-1

	IDEA-B Discretionary 24107	IDEA-B Competitive 24108	IDEA-B Preschool 24109	Fresh Fruits and Vegetables 24118	Title I 1003g Grant 24124
ASSETS					
<i>Current assets:</i>					
Cash and temporary investments	\$ 5,000	\$ -	\$ -	\$ -	\$ 264
Accounts receivable					
Taxes	-	-	-	-	-
Due from other governments	-	4,213	19,851	31,156	-
Interfund receivables	-	-	-	-	-
Other	-	-	-	-	-
Prepays	-	-	-	-	-
Inventory	-	-	-	-	-
<i>Total assets</i>	<u>5,000</u>	<u>4,213</u>	<u>19,851</u>	<u>31,156</u>	<u>264</u>
LIABILITIES					
<i>Current liabilities:</i>					
Accounts payable	-	-	-	-	-
Accrued payroll liabilities	-	-	-	-	-
Interfund payables	-	5,399	5,949	39,068	-
Unearned revenue	-	-	13,902	-	-
<i>Total liabilities</i>	<u>-</u>	<u>5,399</u>	<u>19,851</u>	<u>39,068</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	-	-	-	-	-
Unavailable revenues - other	-	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for:					
Grant mandates	5,000	-	-	-	264
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	(1,186)	-	(7,912)	-
<i>Total fund balances</i>	<u>5,000</u>	<u>(1,186)</u>	<u>-</u>	<u>(7,912)</u>	<u>264</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 5,000</u>	<u>\$ 4,213</u>	<u>\$ 19,851</u>	<u>\$ 31,156</u>	<u>\$ 264</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
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NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30 , 2019

Statement B-1

	Learn & Service (CNCS) 24126	Title IV Drug Free Schools & Comm/Ed 24128	CDC Healthy Schools Program 24130	IDEA-B Results Plan 24132	Enhancing Education Through Tech 24133
ASSETS					
<i>Current assets:</i>					
Cash and temporary investments	\$ 55	\$ 7,100	\$ -	\$ -	\$ 14,057
Accounts receivable					
Taxes	-	-	-	-	-
Due from other governments	-	-	6,825	12,070	-
Interfund receivables	-	-	-	-	-
Other	-	-	-	-	-
Prepays	-	-	-	-	-
Inventory	-	-	-	-	-
<i>Total assets</i>	<u>55</u>	<u>7,100</u>	<u>6,825</u>	<u>12,070</u>	<u>14,057</u>
LIABILITIES					
<i>Current liabilities:</i>					
Accounts payable	-	-	-	-	-
Accrued payroll liabilities	-	-	-	-	-
Interfund payables	-	-	6,825	12,070	-
Unearned revenue	-	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>6,825</u>	<u>12,070</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	-	-	-	-	-
Unavailable revenues - other	-	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for:					
Grant mandates	55	7,100	-	-	14,057
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<i>Total fund balances</i>	<u>55</u>	<u>7,100</u>	<u>-</u>	<u>-</u>	<u>14,057</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 55</u>	<u>\$ 7,100</u>	<u>\$ 6,825</u>	<u>\$ 12,070</u>	<u>\$ 14,057</u>

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

STATE OF NEW MEXICO
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Statement B-1

	Comprehensive School Reform 24135	Class Size Reduction Act 24137	Reading Excellence 24147	Title V Innovative Ed Program 24150	English Language Acquisition 24153
ASSETS					
<i>Current assets:</i>					
Cash and temporary investments	\$ 2,309	\$ 48,732	\$ -	\$ -	\$ -
Accounts receivable					
Taxes	-	-	-	-	-
Due from other governments	-	-	-	-	23,731
Interfund receivables	-	-	-	-	-
Other	-	-	-	-	-
Prepays	-	-	-	-	-
Inventory	-	-	-	-	-
<i>Total assets</i>	<u>2,309</u>	<u>48,732</u>	<u>-</u>	<u>-</u>	<u>23,731</u>
LIABILITIES					
<i>Current liabilities:</i>					
Accounts payable	-	-	-	-	-
Accrued payroll liabilities	-	-	-	-	-
Interfund payables	-	-	178	1,476	44,013
Unearned revenue	-	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>178</u>	<u>1,476</u>	<u>44,013</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	-	-	-	-	-
Unavailable revenues - other	-	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for:					
Grant mandates	2,309	48,732	-	-	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	(178)	(1,476)	(20,282)
<i>Total fund balances</i>	<u>2,309</u>	<u>48,732</u>	<u>(178)</u>	<u>(1,476)</u>	<u>(20,282)</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 2,309</u>	<u>\$ 48,732</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,731</u>

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

STATE OF NEW MEXICO
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JUNE 30 , 2019

Statement B-1

	Teacher/Principal Training & Recruiting 24154	Indian Educ Title VII 24155	Safe & Drug Free Schools & Communities 24157	Rural & Low-Income Schools 24160	Title I School Improvement 24162
ASSETS					
<i>Current assets:</i>					
Cash and temporary investments	\$ -	\$ 61,432	\$ -	\$ -	\$ -
Accounts receivable					
Taxes	-	-	-	-	-
Due from other governments	188,862	-	-	45,187	-
Interfund receivables	-	-	-	-	-
Other	-	-	-	-	-
Prepays	-	-	-	-	-
Inventory	-	-	-	-	-
<i>Total assets</i>	<u>188,862</u>	<u>61,432</u>	<u>-</u>	<u>45,187</u>	<u>-</u>
LIABILITIES					
<i>Current liabilities:</i>					
Accounts payable	-	-	-	-	-
Accrued payroll liabilities	2,859	-	-	-	-
Interfund payables	209,713	-	105,619	61,036	104,713
Unearned revenue	-	-	-	-	-
<i>Total liabilities</i>	<u>212,572</u>	<u>-</u>	<u>105,619</u>	<u>61,036</u>	<u>104,713</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	-	-	-	-	-
Unavailable revenues - other	-	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for:					
Grant mandates	-	61,432	-	-	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	(23,710)	-	(105,619)	(15,849)	(104,713)
<i>Total fund balances</i>	<u>(23,710)</u>	<u>61,432</u>	<u>(105,619)</u>	<u>(15,849)</u>	<u>(104,713)</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 188,862</u>	<u>\$ 61,432</u>	<u>\$ -</u>	<u>\$ 45,187</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
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NONMAJOR SPECIAL REVENUE FUNDS
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Statement B-1

	Reading First 24167	Carl D. Perkins Tech Prep PY Unliq Oblig 24169	Carl D Perkins Special Projects 24171	Carl D Perkins Secondary Current 24174	Carl D Perkins Secondary Redistribution 24176
ASSETS					
<i>Current assets:</i>					
Cash and temporary investments	\$ -	\$ 5,379	\$ -	\$ -	\$ 1,708
Accounts receivable					
Taxes	-	-	-	-	-
Due from other governments	-	-	57,566	35,704	-
Interfund receivables	-	-	-	-	-
Other	-	-	-	-	-
Prepays	-	-	-	-	-
Inventory	-	-	-	-	-
<i>Total assets</i>	<u>-</u>	<u>5,379</u>	<u>57,566</u>	<u>35,704</u>	<u>1,708</u>
LIABILITIES					
<i>Current liabilities:</i>					
Accounts payable	-	-	-	-	-
Accrued payroll liabilities	-	-	-	-	-
Interfund payables	37,106	-	57,566	38,727	-
Unearned revenue	-	-	-	-	1,708
<i>Total liabilities</i>	<u>37,106</u>	<u>-</u>	<u>57,566</u>	<u>38,727</u>	<u>1,708</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	-	-	-	-	-
Unavailable revenues - other	-	-	57,566	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>57,566</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for:					
Grant mandates	-	5,379	-	-	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	(37,106)	-	(57,566)	(3,023)	-
<i>Total fund balances</i>	<u>(37,106)</u>	<u>5,379</u>	<u>(57,566)</u>	<u>(3,023)</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ -</u>	<u>\$ 5,379</u>	<u>\$ 57,566</u>	<u>\$ 35,704</u>	<u>\$ 1,708</u>

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

STATE OF NEW MEXICO
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Statement B-1

	Carl D Perkins HSTW Current 24180	Carl D Perkins HSTW-PY Unliq Oblig 24181	Student Supp Academic Ach. Title IV 24189	Title I IASA Fed Stim 24201	Entitlement IDEA-B Fed Stim 24206
ASSETS					
<i>Current assets:</i>					
Cash and temporary investments	\$ -	\$ 22,297	\$ -	\$ 2,250	\$ 70
Accounts receivable					
Taxes	-	-	-	-	-
Due from other governments	-	-	14,068	-	-
Interfund receivables	-	-	-	-	-
Other	-	-	-	-	-
Prepays	-	-	-	-	-
Inventory	-	-	-	-	-
<i>Total assets</i>	<u>-</u>	<u>22,297</u>	<u>14,068</u>	<u>2,250</u>	<u>70</u>
LIABILITIES					
<i>Current liabilities:</i>					
Accounts payable	-	-	-	-	-
Accrued payroll liabilities	-	-	492	-	-
Interfund payables	114	-	13,576	-	-
Unearned revenue	-	-	-	-	-
<i>Total liabilities</i>	<u>114</u>	<u>-</u>	<u>14,068</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	-	-	-	-	-
Unavailable revenues - other	-	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for:					
Grant mandates	-	22,297	-	2,250	70
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	(114)	-	-	-	-
<i>Total fund balances</i>	<u>(114)</u>	<u>22,297</u>	<u>-</u>	<u>2,250</u>	<u>70</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ -</u>	<u>\$ 22,297</u>	<u>\$ 14,068</u>	<u>\$ 2,250</u>	<u>\$ 70</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
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NONMAJOR SPECIAL REVENUE FUNDS
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Statement B-1

	SIG School Improvement 24224	Title I School Improv Stim 24262	Title IX Indian Ed 25115	Impact Aid Special Education 25145	Impact Aid Indian Education 25147
ASSETS					
<i>Current assets:</i>					
Cash and temporary investments	\$ -	\$ -	\$ 6,036	\$ 272,683	\$ 175,637
Accounts receivable					
Taxes	-	-	-	-	-
Due from other governments	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Other	-	-	-	-	-
Prepays	-	-	-	-	-
Inventory	-	-	-	-	-
<i>Total assets</i>	<u>-</u>	<u>-</u>	<u>6,036</u>	<u>272,683</u>	<u>175,637</u>
LIABILITIES					
<i>Current liabilities:</i>					
Accounts payable	-	-	-	-	-
Accrued payroll liabilities	-	-	3,787	526	17,455
Interfund payables	3,137	264	-	-	-
Unearned revenue	-	-	2,249	-	-
<i>Total liabilities</i>	<u>3,137</u>	<u>264</u>	<u>6,036</u>	<u>526</u>	<u>17,455</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	-	-	-	-	-
Unavailable revenues - other	-	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for:					
Grant mandates	-	-	-	189,480	11,945
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	-	-	-	82,677	146,237
Unassigned	(3,137)	(264)	-	-	-
<i>Total fund balances</i>	<u>(3,137)</u>	<u>(264)</u>	<u>-</u>	<u>272,157</u>	<u>158,182</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,036</u>	<u>\$ 272,683</u>	<u>\$ 175,637</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
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NONMAJOR SPECIAL REVENUE FUNDS
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Statement B-1

	GRADS Child Care CYFD 25149	Title XIX Medicaid 3/21 Years 25153	Bilingual Ed Dev. & Implement Grant 25161	TANF/GRAD 25162	Indian Ed Formula Grant 25184
ASSETS					
<i>Current assets:</i>					
Cash and temporary investments	\$ 5,468	\$ 849,182	\$ 36,647	\$ 1,423	\$ 162,161
Accounts receivable					
Taxes	-	-	-	-	-
Due from other governments	-	61,382	-	-	-
Interfund receivables	-	-	-	-	-
Other	-	-	-	-	-
Prepays	-	-	-	-	-
Inventory	-	-	-	-	-
<i>Total assets</i>	<u>5,468</u>	<u>910,564</u>	<u>36,647</u>	<u>1,423</u>	<u>162,161</u>
LIABILITIES					
<i>Current liabilities:</i>					
Accounts payable	-	-	-	-	-
Accrued payroll liabilities	-	11,263	-	-	-
Interfund payables	-	-	-	-	-
Unearned revenue	-	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>11,263</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	-	-	-	-	-
Unavailable revenues - other	-	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for:					
Grant mandates	5,468	211,354	36,647	1,423	162,161
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	-	687,947	-	-	-
Unassigned	-	-	-	-	-
<i>Total fund balances</i>	<u>5,468</u>	<u>899,301</u>	<u>36,647</u>	<u>1,423</u>	<u>162,161</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 5,468</u>	<u>\$ 910,564</u>	<u>\$ 36,647</u>	<u>\$ 1,423</u>	<u>\$ 162,161</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
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NONMAJOR SPECIAL REVENUE FUNDS
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Statement B-1

	ROTC 25200	Gear Up NM State Initiatives 25205	Arts in Education 25221	US West Foundation 26133	Save the Children 26143
ASSETS					
<i>Current assets:</i>					
Cash and temporary investments	\$ 78,676	\$ -	\$ -	\$ 75	\$ 11,414
Accounts receivable					
Taxes	-	-	-	-	-
Due from other governments	-	53,630	-	-	-
Interfund receivables	-	-	-	-	-
Other	-	-	-	-	-
Prepays	-	-	-	-	-
Inventory	-	-	-	-	-
<i>Total assets</i>	<u>78,676</u>	<u>53,630</u>	<u>-</u>	<u>75</u>	<u>11,414</u>
LIABILITIES					
<i>Current liabilities:</i>					
Accounts payable	-	-	-	-	-
Accrued payroll liabilities	1,939	2,321	-	-	-
Interfund payables	-	19,415	161,004	-	-
Unearned revenue	-	31,894	-	-	-
<i>Total liabilities</i>	<u>1,939</u>	<u>53,630</u>	<u>161,004</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	-	-	-	-	-
Unavailable revenues - other	-	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for:					
Grant mandates	-	-	-	75	11,414
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	76,737	-	-	-	-
Unassigned	-	-	(161,004)	-	-
<i>Total fund balances</i>	<u>76,737</u>	<u>-</u>	<u>(161,004)</u>	<u>75</u>	<u>11,414</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 78,676</u>	<u>\$ 53,630</u>	<u>\$ -</u>	<u>\$ 75</u>	<u>\$ 11,414</u>

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

STATE OF NEW MEXICO
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Statement B-1

	Dual Credit Instructional Materials 27103	2012 GO Bond Student Library Fund (SB66) 27107	NM Reads to Lead K-3 27114	TANF PED School Aged Child Care 27115	Technology for Education PED 27117
ASSETS					
<i>Current assets:</i>					
Cash and temporary investments	\$ -	\$ -	\$ -	\$ 61,844	\$ -
Accounts receivable					
Taxes	-	-	-	-	-
Due from other governments	-	-	24,463	-	-
Interfund receivables	-	-	-	-	-
Other	-	-	-	-	-
Prepays	-	-	-	-	-
Inventory	-	-	-	-	-
<i>Total assets</i>	<u>-</u>	<u>-</u>	<u>24,463</u>	<u>61,844</u>	<u>-</u>
LIABILITIES					
<i>Current liabilities:</i>					
Accounts payable	-	-	-	-	-
Accrued payroll liabilities	-	-	688	-	-
Interfund payables	14,271	17,252	23,775	-	1,372
Unearned revenue	-	-	-	-	-
<i>Total liabilities</i>	<u>14,271</u>	<u>17,252</u>	<u>24,463</u>	<u>-</u>	<u>1,372</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	-	-	-	-	-
Unavailable revenues - other	-	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for:					
Grant mandates	-	-	-	61,844	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	(14,271)	(17,252)	-	-	(1,372)
<i>Total fund balances</i>	<u>(14,271)</u>	<u>(17,252)</u>	<u>-</u>	<u>61,844</u>	<u>(1,372)</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,463</u>	<u>\$ 61,844</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
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Statement B-1

	Excellence in Teaching Awards 27125	Recruitment Support Fund 27128	TANF Full Day Kindergarten 27136	Incentives for School Improv Act 27138	Truancy Initiative 27141
ASSETS					
<i>Current assets:</i>					
Cash and temporary investments	\$ -	\$ -	\$ -	\$ 75,452	\$ -
Accounts receivable					
Taxes	-	-	-	-	-
Due from other governments	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Other	-	-	-	-	-
Prepays	-	-	-	-	-
Inventory	-	-	-	-	-
<i>Total assets</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,452</u>	<u>-</u>
LIABILITIES					
<i>Current liabilities:</i>					
Accounts payable	-	-	-	-	-
Accrued payroll liabilities	-	-	-	-	-
Interfund payables	-	6,459	20,674	-	5,246
Unearned revenue	-	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>6,459</u>	<u>20,674</u>	<u>-</u>	<u>5,246</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	-	-	-	-	-
Unavailable revenues - other	-	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for:					
Grant mandates	-	-	-	75,452	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	(6,459)	(20,674)	-	(5,246)
<i>Total fund balances</i>	<u>-</u>	<u>(6,459)</u>	<u>(20,674)</u>	<u>75,452</u>	<u>(5,246)</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,452</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
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Statement B-1

	Libraries GO Bonds-Laws of NM 2005 27145	Federal Relief 27147	PreK Initiative 27149	Indian Education Act 27150	Mid School Tutoring & Student Enhan 27153
ASSETS					
<i>Current assets:</i>					
Cash and temporary investments	\$ 135	\$ 6,000	\$ -	\$ -	\$ 20,040
Accounts receivable					
Taxes	-	-	-	-	-
Due from other governments	-	-	305,658	11,500	-
Interfund receivables	-	-	-	-	-
Other	-	-	-	-	-
Prepays	-	-	-	-	-
Inventory	-	-	-	-	-
<i>Total assets</i>	<u>135</u>	<u>6,000</u>	<u>305,658</u>	<u>11,500</u>	<u>20,040</u>
LIABILITIES					
<i>Current liabilities:</i>					
Accounts payable	-	-	-	-	-
Accrued payroll liabilities	-	-	8,189	145	-
Interfund payables	-	-	290,699	46,496	-
Unearned revenue	-	-	6,770	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>305,658</u>	<u>46,641</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	-	-	-	-	-
Unavailable revenues - other	-	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for:					
Grant mandates	135	6,000	-	-	20,040
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	(35,141)	-
<i>Total fund balances</i>	<u>135</u>	<u>6,000</u>	<u>-</u>	<u>(35,141)</u>	<u>20,040</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 135</u>	<u>\$ 6,000</u>	<u>\$ 305,658</u>	<u>\$ 11,500</u>	<u>\$ 20,040</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30 , 2019

Statement B-1

	Beg Teacher Mentoring Program 27154	Breakfast for Elementary Students 27155	School Improv Framework 27164	Saturday Schools 27165	Kindergarten Three Plus 27166
ASSETS					
<i>Current assets:</i>					
Cash and temporary investments	\$ -	\$ 367	\$ -	\$ -	\$ -
Accounts receivable					
Taxes	-	-	-	-	-
Due from other governments	-	197	-	-	105,118
Interfund receivables	-	-	-	-	-
Other	-	-	-	-	-
Prepays	-	-	-	-	-
Inventory	-	-	-	-	-
<i>Total assets</i>	<u>-</u>	<u>564</u>	<u>-</u>	<u>-</u>	<u>105,118</u>
LIABILITIES					
<i>Current liabilities:</i>					
Accounts payable	-	-	-	-	-
Accrued payroll liabilities	-	-	-	-	24,250
Interfund payables	8,611	-	1,391	6,909	81,210
Unearned revenue	-	-	-	-	-
<i>Total liabilities</i>	<u>8,611</u>	<u>-</u>	<u>1,391</u>	<u>6,909</u>	<u>105,460</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	-	-	-	-	-
Unavailable revenues - other	-	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for:					
Grant mandates	-	564	-	-	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	(8,611)	-	(1,391)	(6,909)	(342)
<i>Total fund balances</i>	<u>(8,611)</u>	<u>564</u>	<u>(1,391)</u>	<u>(6,909)</u>	<u>(342)</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ -</u>	<u>\$ 564</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,118</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30 , 2019

Statement B-1

	Science Instructional Materials K-12 27176	Early College High School Start-up 27180	Teachers "hard to staff" Stipends 27195	K-3 Plus 4 & 5 Pilot 27198	School Library Material Fund FY 2008 27549
ASSETS					
<i>Current assets:</i>					
Cash and temporary investments	\$ -	\$ -	\$ -	\$ -	\$ 10,828
Accounts receivable					
Taxes	-	-	-	-	-
Due from other governments	-	195,935	-	48,243	-
Interfund receivables	-	-	-	-	-
Other	-	-	-	-	-
Prepays	-	-	-	-	-
Inventory	-	-	-	-	-
<i>Total assets</i>	<u>-</u>	<u>195,935</u>	<u>-</u>	<u>48,243</u>	<u>10,828</u>
LIABILITIES					
<i>Current liabilities:</i>					
Accounts payable	-	-	-	-	-
Accrued payroll liabilities	-	4,268	-	11,793	-
Interfund payables	1,221	191,667	-	36,450	-
Unearned revenue	-	-	-	-	-
<i>Total liabilities</i>	<u>1,221</u>	<u>195,935</u>	<u>-</u>	<u>48,243</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	-	-	-	-	-
Unavailable revenues - other	-	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for:					
Grant mandates	-	-	-	-	10,828
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	(1,221)	-	-	-	-
<i>Total fund balances</i>	<u>(1,221)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,828</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ -</u>	<u>\$ 195,935</u>	<u>\$ -</u>	<u>\$ 48,243</u>	<u>\$ 10,828</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30 , 2019

Statement B-1

	Health Dept Child Care Center 28117	NM Highway Dept. Road 28120	Coordinated Approach to Child Health 28140	Center for Teaching Excellence 28156	AP NM Incentive Fund 28168
ASSETS					
<i>Current assets:</i>					
Cash and temporary investments	\$ 98,716	\$ 200,807	\$ 4,500	\$ -	\$ 176
Accounts receivable					
Taxes	-	-	-	-	-
Due from other governments	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Other	-	-	-	-	-
Prepays	-	-	-	-	-
Inventory	-	-	-	-	-
<i>Total assets</i>	<u>98,716</u>	<u>200,807</u>	<u>4,500</u>	<u>-</u>	<u>176</u>
LIABILITIES					
<i>Current liabilities:</i>					
Accounts payable	-	-	-	-	-
Accrued payroll liabilities	-	-	-	-	-
Interfund payables	-	-	-	2,750	-
Unearned revenue	-	200,807	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>200,807</u>	<u>-</u>	<u>2,750</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	-	-	-	-	-
Unavailable revenues - other	-	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for:					
Grant mandates	98,716	-	4,500	-	176
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	(2,750)	-
<i>Total fund balances</i>	<u>98,716</u>	<u>-</u>	<u>4,500</u>	<u>(2,750)</u>	<u>176</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 98,716</u>	<u>\$ 200,807</u>	<u>\$ 4,500</u>	<u>\$ -</u>	<u>\$ 176</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30 , 2019

Statement B-1

	GEAR-UP CHE 28178	GRADS Child Care 28189	GRADS Instruction 28190	Private Direct Grants 29102	RE: Learning New Mexico 29112
ASSETS					
<i>Current assets:</i>					
Cash and temporary investments	\$ -	\$ 2,159	\$ 1,672	\$ 58	\$ 1,025
Accounts receivable					
Taxes	-	-	-	-	-
Due from other governments	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Other	-	-	-	-	-
Prepays	-	-	-	-	-
Inventory	-	-	-	-	-
<i>Total assets</i>	<u>-</u>	<u>2,159</u>	<u>1,672</u>	<u>58</u>	<u>1,025</u>
LIABILITIES					
<i>Current liabilities:</i>					
Accounts payable	-	-	-	-	-
Accrued payroll liabilities	-	-	-	-	-
Interfund payables	70,130	-	-	-	-
Unearned revenue	-	-	-	-	-
<i>Total liabilities</i>	<u>70,130</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	-	-	-	-	-
Unavailable revenues - other	-	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for:					
Grant mandates	-	2,159	1,672	58	1,025
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	(70,130)	-	-	-	-
<i>Total fund balances</i>	<u>(70,130)</u>	<u>2,159</u>	<u>1,672</u>	<u>58</u>	<u>1,025</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ -</u>	<u>\$ 2,159</u>	<u>\$ 1,672</u>	<u>\$ 58</u>	<u>\$ 1,025</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30 , 2019

	Industrial Rev Bonds PILOT 29135	Total
ASSETS		
<i>Current assets:</i>		
Cash and temporary investments	\$ 977,860	\$ 6,178,690
Accounts receivable	-	-
Taxes	-	-
Due from other governments	-	1,430,500
Interfund receivables	-	-
Other	-	-
Prepays	-	-
Inventory	-	34,767
	<u>977,860</u>	<u>7,643,957</u>
<i>Total assets</i>	<u>977,860</u>	<u>7,643,957</u>
LIABILITIES		
<i>Current liabilities:</i>		
Accounts payable	-	19,436
Accrued payroll liabilities	-	121,455
Interfund payables	-	1,753,551
Unearned revenue	-	257,330
<i>Total liabilities</i>	<u>-</u>	<u>2,151,772</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenues - property taxes	-	-
Unavailable revenues - other	-	57,566
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>57,566</u>
FUND BALANCES		
Nonspendable	-	34,767
Restricted for:		
Grant mandates	-	2,540,511
Capital projects	-	-
Debt service	-	-
Assigned	977,860	3,594,249
Unassigned	-	(734,908)
<i>Total fund balances</i>	<u>977,860</u>	<u>5,434,619</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 977,860</u>	<u>\$ 7,643,957</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA SCHOOLS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR YEAR ENDED JUNE 30, 2019

Statement B-2

	Food Service 21000	Athletics 22000	Non-Instruct. Support 23000	Title I Capital Expense IASA 24104	Title I Program Improv IASA 24105
<i>Revenues:</i>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-	-
Federal grants	2,082,585	-	-	-	-
Miscellaneous	-	-	-	-	-
Charges for services	403,352	91,216	216,257	-	-
Investment income	-	-	-	-	-
<i>Total revenues</i>	<u>2,485,937</u>	<u>91,216</u>	<u>216,257</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>					
<i>Current:</i>					
Instruction	-	90,717	279,642	-	-
Support services					
Students	-	-	-	-	-
Instruction	-	-	-	-	-
General administration	47,839	-	-	-	-
School administration	-	-	-	-	-
Central services	-	-	-	-	-
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Other support services	-	-	-	-	-
Food services operations	2,245,547	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>2,293,386</u>	<u>90,717</u>	<u>279,642</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>192,551</u>	<u>499</u>	<u>(63,385)</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>					
Operating transfers	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>192,551</u>	<u>499</u>	<u>(63,385)</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	2,595,054	142,776	231,962	1,531	15,000
<i>Prior period adjustment</i>	-	-	-	-	-
<i>Adjusted fund balances - beginning of year</i>	<u>2,595,054</u>	<u>142,776</u>	<u>231,962</u>	<u>1,531</u>	<u>15,000</u>
<i>Fund balances - end of year</i>	<u>\$ 2,787,605</u>	<u>\$ 143,275</u>	<u>\$ 168,577</u>	<u>\$ 1,531</u>	<u>\$ 15,000</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA SCHOOLS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR YEAR ENDED JUNE 30, 2019

Statement B-2

	IDEA-B Discretionary 24107	IDEA-B Competitive 24108	IDEA-B Preschool 24109	Fresh Fruits and Vegetables 24118	Title I 1003g Grant 24124
<i>Revenues:</i>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-	-
Federal grants	-	4,104	5,519	82,824	-
Miscellaneous	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>4,104</u>	<u>5,519</u>	<u>82,824</u>	<u>-</u>
<i>Expenditures:</i>					
<i>Current:</i>					
Instruction	-	6,899	19,851	-	-
Support services					
Students	-	-	-	-	-
Instruction	-	-	-	-	-
General administration	-	-	-	-	-
School administration	-	-	-	-	-
Central services	-	-	-	-	-
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Other support services	-	-	-	-	-
Food services operations	-	-	-	91,029	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>6,899</u>	<u>19,851</u>	<u>91,029</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(2,795)</u>	<u>(14,332)</u>	<u>(8,205)</u>	<u>-</u>
<i>Other financing sources (uses):</i>					
Operating transfers	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>(2,795)</u>	<u>(14,332)</u>	<u>(8,205)</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	5,000	1,609	14,332	293	264
<i>Prior period adjustment</i>	-	-	-	-	-
<i>Adjusted fund balances - beginning of year</i>	<u>5,000</u>	<u>1,609</u>	<u>14,332</u>	<u>293</u>	<u>264</u>
<i>Fund balances - end of year</i>	<u>\$ 5,000</u>	<u>\$ (1,186)</u>	<u>\$ -</u>	<u>\$ (7,912)</u>	<u>\$ 264</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA SCHOOLS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR YEAR ENDED JUNE 30, 2019

Statement B-2

	Learn & Service (CNCS) 24126	Title IV Drug Free Schools & Comm/Ed 24128	CDC Healthy Schools Program 24130	IDEA-B Results Plan 24132	Enhancing Education Through Tech 24133
<i>Revenues:</i>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-	-
Federal grants	-	-	7,313	31,796	-
Miscellaneous	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>7,313</u>	<u>31,796</u>	<u>-</u>
<i>Expenditures:</i>					
<i>Current:</i>					
Instruction	-	-	7,313	31,796	-
Support services					
Students	-	-	-	-	-
Instruction	-	-	-	-	-
General administration	-	-	-	-	-
School administration	-	-	-	-	-
Central services	-	-	-	-	-
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Other support services	-	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>7,313</u>	<u>31,796</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>					
Operating transfers	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	55	7,100	-	-	14,057
<i>Prior period adjustment</i>	-	-	-	-	-
<i>Adjusted fund balances - beginning of year</i>	<u>55</u>	<u>7,100</u>	<u>-</u>	<u>-</u>	<u>14,057</u>
<i>Fund balances - end of year</i>	<u>\$ 55</u>	<u>\$ 7,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,057</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA SCHOOLS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR YEAR ENDED JUNE 30, 2019

Statement B-2

	Comprehensive School Reform 24135	Class Size Reduction Act 24137	Reading Excellence 24147	Title V Innovative Ed Program 24150	English Language Acquisition 24153
<i>Revenues:</i>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-	-
Federal grants	-	-	-	-	24,580
Miscellaneous	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,580</u>
<i>Expenditures:</i>					
<i>Current:</i>					
Instruction	-	-	-	-	25,313
Support services					
Students	-	-	-	-	-
Instruction	-	-	-	-	-
General administration	-	-	-	-	519
School administration	-	-	-	-	-
Central services	-	-	-	-	-
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Other support services	-	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,832</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,252)</u>
<i>Other financing sources (uses):</i>					
Operating transfers	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,252)</u>
<i>Fund balances - beginning of year</i>	2,309	48,732	(178)	(1,351)	(19,030)
<i>Prior period adjustment</i>	-	-	-	(125)	-
<i>Adjusted fund balances - beginning of year</i>	<u>2,309</u>	<u>48,732</u>	<u>(178)</u>	<u>(1,476)</u>	<u>(19,030)</u>
<i>Fund balances - end of year</i>	<u>\$ 2,309</u>	<u>\$ 48,732</u>	<u>\$ (178)</u>	<u>\$ (1,476)</u>	<u>\$ (20,282)</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA SCHOOLS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR YEAR ENDED JUNE 30, 2019

Statement B-2

	Teacher/Principal Training & Recruiting 24154	Indian Education Title VII 24155	Safe & Drug Free Schools & Communities 24157	Rural & Low-Income Schools 24160	Title I School Improvement 24162
<i>Revenues:</i>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-	-
Federal grants	334,794	-	-	40,949	-
Miscellaneous	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
<i>Total revenues</i>	<u>334,794</u>	<u>-</u>	<u>-</u>	<u>40,949</u>	<u>-</u>
<i>Expenditures:</i>					
<i>Current:</i>					
Instruction	325,593	-	-	45,759	-
Support services					
Students	-	-	-	-	-
Instruction	-	-	-	-	-
General administration	8,469	-	-	1,752	-
School administration	-	-	-	-	-
Central services	-	-	-	-	-
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Other support services	-	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>334,062</u>	<u>-</u>	<u>-</u>	<u>47,511</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>732</u>	<u>-</u>	<u>-</u>	<u>(6,562)</u>	<u>-</u>
<i>Other financing sources (uses):</i>					
Operating transfers	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>732</u>	<u>-</u>	<u>-</u>	<u>(6,562)</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	(18,505)	91,086	(105,619)	(9,287)	(104,713)
<i>Prior period adjustment</i>	(5,937)	(29,654)	-	-	-
<i>Adjusted fund balances - beginning of year</i>	<u>(24,442)</u>	<u>61,432</u>	<u>(105,619)</u>	<u>(9,287)</u>	<u>(104,713)</u>
<i>Fund balances - end of year</i>	<u>\$ (23,710)</u>	<u>\$ 61,432</u>	<u>\$ (105,619)</u>	<u>\$ (15,849)</u>	<u>\$ (104,713)</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA SCHOOLS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR YEAR ENDED JUNE 30, 2019

Statement B-2

	Reading First 24167	Carl D. Perkins Tech Prep PY Unliq Oblig 24169	Carl D Perkins Special Projects 24171	Carl D Perkins Secondary Current 24174	Carl D Perkins Secondary Redistribution 24176
<i>Revenues:</i>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-	-
Federal grants	-	-	-	51,991	560
Miscellaneous	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,991</u>	<u>560</u>
<i>Expenditures:</i>					
<i>Current:</i>					
Instruction	-	-	57,566	55,385	-
Support services					
Students	-	-	-	-	-
Instruction	-	-	-	-	-
General administration	-	-	-	-	-
School administration	-	-	-	-	-
Central services	-	-	-	-	-
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Other support services	-	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>57,566</u>	<u>55,385</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(57,566)</u>	<u>(3,394)</u>	<u>560</u>
<i>Other financing sources (uses):</i>					
Operating transfers	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>(57,566)</u>	<u>(3,394)</u>	<u>560</u>
<i>Fund balances - beginning of year</i>	(37,106)	5,379	-	371	(560)
<i>Prior period adjustment</i>	-	-	-	-	-
<i>Adjusted fund balances - beginning of year</i>	<u>(37,106)</u>	<u>5,379</u>	<u>-</u>	<u>371</u>	<u>(560)</u>
<i>Fund balances - end of year</i>	<u>\$ (37,106)</u>	<u>\$ 5,379</u>	<u>\$ (57,566)</u>	<u>\$ (3,023)</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA SCHOOLS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR YEAR ENDED JUNE 30, 2019

Statement B-2

	Carl D Perkins HSTW Current 24180	Carl D Perkins HSTW-PY Unliq Oblig 24181	Student Supp Academic Ach. Title IV 24189	Title I IASA Fed Stim 24201	Entitlement IDEA-B Fed Stim 24206
<i>Revenues:</i>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-	-
Federal grants	-	-	54,722	-	-
Miscellaneous	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>54,722</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>					
Current:					
Instruction	-	-	16,788	-	-
Support services					
Students	-	-	37,934	-	-
Instruction	-	-	-	-	-
General administration	-	-	-	-	-
School administration	-	-	-	-	-
Central services	-	-	-	-	-
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Other support services	-	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>54,722</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>					
Operating transfers	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	(114)	22,297	-	2,250	70
<i>Prior period adjustment</i>	-	-	-	-	-
<i>Adjusted fund balances - beginning of year</i>	<u>(114)</u>	<u>22,297</u>	<u>-</u>	<u>2,250</u>	<u>70</u>
<i>Fund balances - end of year</i>	<u>\$ (114)</u>	<u>\$ 22,297</u>	<u>\$ -</u>	<u>\$ 2,250</u>	<u>\$ 70</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA SCHOOLS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR YEAR ENDED JUNE 30, 2019

Statement B-2

	SIG School Improvement 24224	Title I School Improv Stim 24262	Title IX Indian Ed 25115	Impact Aid Special Education 25145	Impact Aid Indian Education 25147
<i>Revenues:</i>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-	-
Federal grants	-	-	270,304	152,380	1,076,151
Miscellaneous	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>270,304</u>	<u>152,380</u>	<u>1,076,151</u>
<i>Expenditures:</i>					
<i>Current:</i>					
Instruction	-	-	265,189	31,005	909,702
Support services					
Students	-	-	-	37,934	55,194
Instruction	-	-	-	-	-
General administration	-	-	6,250	-	102,007
School administration	-	-	-	-	-
Central services	-	-	-	-	-
Operation & maintenance of plant	-	-	-	618	5,302
Student transportation	-	-	-	-	-
Other support services	-	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>271,439</u>	<u>69,557</u>	<u>1,072,205</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(1,135)</u>	<u>82,823</u>	<u>3,946</u>
<i>Other financing sources (uses):</i>					
Operating transfers	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>(1,135)</u>	<u>82,823</u>	<u>3,946</u>
<i>Fund balances - beginning of year</i>	(3,137)	(264)	1,135	189,334	154,236
<i>Prior period adjustment</i>	-	-	-	-	-
<i>Adjusted fund balances - beginning of year</i>	<u>(3,137)</u>	<u>(264)</u>	<u>1,135</u>	<u>189,334</u>	<u>154,236</u>
<i>Fund balances - end of year</i>	<u>\$ (3,137)</u>	<u>\$ (264)</u>	<u>\$ -</u>	<u>\$ 272,157</u>	<u>\$ 158,182</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA SCHOOLS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
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Statement B-2

	GRADS Child Care CYFD 25149	Title XIX Medicaid 3/21 Years 25153	Bilingual Ed Dev. & Implement Grant 25161	TANF/GRAD 25162	Indian Ed Formula Grant 25184
<i>Revenues:</i>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-	-
Federal grants	-	848,712	-	-	-
Miscellaneous	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>848,712</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>					
<i>Current:</i>					
Instruction	-	71,935	-	-	-
Support services					
Students	-	333,010	-	-	-
Instruction	-	-	-	-	-
General administration	-	72,752	-	-	-
School administration	-	-	-	-	-
Central services	-	-	-	-	-
Operation & maintenance of plant	-	4,975	-	-	-
Student transportation	-	-	-	-	-
Other support services	-	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>482,672</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>366,040</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>					
Operating transfers	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>366,040</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	5,468	533,261	36,647	1,423	162,161
<i>Prior period adjustment</i>	-	-	-	-	-
<i>Adjusted fund balances - beginning of year</i>	<u>5,468</u>	<u>533,261</u>	<u>36,647</u>	<u>1,423</u>	<u>162,161</u>
<i>Fund balances - end of year</i>	<u>\$ 5,468</u>	<u>\$ 899,301</u>	<u>\$ 36,647</u>	<u>\$ 1,423</u>	<u>\$ 162,161</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA SCHOOLS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
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Statement B-2

	ROTC 25200	Gear Up NM State Initiatives 25205	Arts in Education 25221	US West Foundation 26133	Save the Children 26143
<i>Revenues:</i>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-	-
Federal grants	30,112	206,118	-	-	-
Miscellaneous	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
<i>Total revenues</i>	<u>30,112</u>	<u>206,118</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>					
<i>Current:</i>					
Instruction	90,306	138,125	-	-	-
Support services					
Students	-	63,449	-	-	-
Instruction	-	-	-	-	-
General administration	-	5,553	-	-	-
School administration	-	-	-	-	-
Central services	-	-	-	-	-
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Other support services	-	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>90,306</u>	<u>207,127</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(60,194)</u>	<u>(1,009)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>					
Operating transfers	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>(60,194)</u>	<u>(1,009)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	136,931	1,009	(161,004)	75	11,414
<i>Prior period adjustment</i>	-	-	-	-	-
<i>Adjusted fund balances - beginning of year</i>	<u>136,931</u>	<u>1,009</u>	<u>(161,004)</u>	<u>75</u>	<u>11,414</u>
<i>Fund balances - end of year</i>	<u>\$ 76,737</u>	<u>\$ -</u>	<u>\$ (161,004)</u>	<u>\$ 75</u>	<u>\$ 11,414</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA SCHOOLS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
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	Dual Credit Instructional Materials 27103	2012 GO Bond Student Library Fund (SB66) 27107	NM Reads to Lead K-3 27114	TANF PED School Aged Child Care 27115	Technology for Education PED 27117
<i>Revenues:</i>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
State grants	14,672	-	75,254	-	-
Federal grants	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
<i>Total revenues</i>	<u>14,672</u>	<u>-</u>	<u>75,254</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>					
<i>Current:</i>					
Instruction	19,920	-	73,537	-	-
Support services					
Students	-	-	-	-	-
Instruction	-	-	-	-	-
General administration	-	-	1,717	-	-
School administration	-	-	-	-	-
Central services	-	-	-	-	-
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Other support services	-	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>19,920</u>	<u>-</u>	<u>75,254</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(5,248)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>					
Operating transfers	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>(5,248)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	6,202	-	-	108,625	(1,372)
<i>Prior period adjustment</i>	(15,225)	(17,252)	-	(46,781)	-
<i>Adjusted fund balances - beginning of year</i>	<u>(9,023)</u>	<u>(17,252)</u>	<u>-</u>	<u>61,844</u>	<u>(1,372)</u>
<i>Fund balances - end of year</i>	<u>\$ (14,271)</u>	<u>\$ (17,252)</u>	<u>\$ -</u>	<u>\$ 61,844</u>	<u>\$ (1,372)</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA SCHOOLS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
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Statement B-2

	Excellence in Teaching Awards 27125	Recruitment Support Fund 27128	TANF Full Day Kindergarten 27136	Incentives for School Improv Act 27138	Truancy Initiative 27141
<i>Revenues:</i>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
State grants	26,913	-	-	-	-
Federal grants	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
<i>Total revenues</i>	<u>26,913</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>					
<i>Current:</i>					
Instruction	26,913	-	-	-	-
Support services					
Students	-	-	-	-	-
Instruction	-	-	-	-	-
General administration	-	-	-	-	-
School administration	-	-	-	-	-
Central services	-	-	-	-	-
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Other support services	-	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>26,913</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>					
Operating transfers	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	-	-	(20,674)	75,452	-
<i>Prior period adjustment</i>	-	(6,459)	-	-	(5,246)
<i>Adjusted fund balances - beginning of year</i>	<u>-</u>	<u>(6,459)</u>	<u>(20,674)</u>	<u>75,452</u>	<u>(5,246)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ (6,459)</u>	<u>\$ (20,674)</u>	<u>\$ 75,452</u>	<u>\$ (5,246)</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA SCHOOLS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
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Statement B-2

	Libraries GO Bonds-Laws of NM 2005 27145	Federal Relief 27147	PreK Initiative 27149	Indian Education Act 27150	Mid School Tutoring & Student Enhan 27153
<i>Revenues:</i>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
State grants	-	-	600,727	5,863	-
Federal grants	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>600,727</u>	<u>5,863</u>	<u>-</u>
<i>Expenditures:</i>					
<i>Current:</i>					
Instruction	-	-	569,577	14,433	-
Support services					
Students	-	-	-	-	-
Instruction	-	-	-	-	-
General administration	-	-	30,539	-	-
School administration	-	-	-	-	-
Central services	-	-	-	-	-
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Other support services	-	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>600,116</u>	<u>14,433</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>611</u>	<u>(8,570)</u>	<u>-</u>
<i>Other financing sources (uses):</i>					
Operating transfers	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>611</u>	<u>(8,570)</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	135	6,000	(611)	(26,571)	20,040
<i>Prior period adjustment</i>	-	-	-	-	-
<i>Adjusted fund balances - beginning of year</i>	<u>135</u>	<u>6,000</u>	<u>(611)</u>	<u>(26,571)</u>	<u>20,040</u>
<i>Fund balances - end of year</i>	<u>\$ 135</u>	<u>\$ 6,000</u>	<u>\$ -</u>	<u>\$ (35,141)</u>	<u>\$ 20,040</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA SCHOOLS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR YEAR ENDED JUNE 30, 2019

Statement B-2

	Beg Teacher Mentoring Program 27154	Breakfast for Elementary Students 27155	School Improv Framework 27164	Saturday Schools 27165	Kindergarten Three Plus 27166
<i>Revenues:</i>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
State grants	-	52,454	-	-	254,592
Federal grants	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>52,454</u>	<u>-</u>	<u>-</u>	<u>254,592</u>
<i>Expenditures:</i>					
<i>Current:</i>					
Instruction	-	-	-	-	222,954
Support services	-	-	-	-	898
Students	-	-	-	-	-
Instruction	-	-	-	-	-
General administration	-	-	-	-	-
School administration	-	-	-	-	26,583
Central services	-	-	-	-	-
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	4,499
Other support services	-	-	-	-	-
Food services operations	-	51,890	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service	-	-	-	-	-
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>51,890</u>	<u>-</u>	<u>-</u>	<u>254,934</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>564</u>	<u>-</u>	<u>-</u>	<u>(342)</u>
<i>Other financing sources (uses):</i>					
Operating transfers	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>564</u>	<u>-</u>	<u>-</u>	<u>(342)</u>
<i>Fund balances - beginning of year</i>	(8,611)	-	(1,391)	(6,909)	-
<i>Prior period adjustment</i>	-	-	-	-	-
<i>Adjusted fund balances - beginning of year</i>	<u>(8,611)</u>	<u>-</u>	<u>(1,391)</u>	<u>(6,909)</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ (8,611)</u>	<u>\$ 564</u>	<u>\$ (1,391)</u>	<u>\$ (6,909)</u>	<u>\$ (342)</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA SCHOOLS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR YEAR ENDED JUNE 30, 2019

	Science Instructional Materials K-12 27176	Early College High School Start-up 27180	Teachers "hard to staff" Stipends 27195	K-3 Plus 4 & 5 Pilot 27198	School Library Material Fund FY 2008 27549
<i>Revenues:</i>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
State grants	-	219,864	-	48,243	-
Federal grants	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>219,864</u>	<u>-</u>	<u>48,243</u>	<u>-</u>
<i>Expenditures:</i>					
Current:					
Instruction	-	36,376	-	40,153	-
Support services					
Students	-	97,879	-	2,543	-
Instruction	-	-	-	-	-
General administration	-	-	-	-	-
School administration	-	85,609	-	4,620	-
Central services	-	-	-	-	-
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	927	-
Other support services	-	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>219,864</u>	<u>-</u>	<u>48,243</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>					
Operating transfers	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	-	-	(8,649)	-	10,828
<i>Prior period adjustment</i>	(1,221)	-	8,649	-	-
<i>Adjusted fund balances - beginning of year</i>	<u>(1,221)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,828</u>
<i>Fund balances - end of year</i>	<u>\$ (1,221)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,828</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA SCHOOLS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR YEAR ENDED JUNE 30, 2019

Statement B-2

	Health Dept Child Care Center 28117	NM Highway Dept. Road 28120	Coordinated Approach to Child Health 28140	Center for Teaching Excellence 28156	AP NM Incentive Fund 28168
<i>Revenues:</i>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-	-
Federal grants	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>					
<i>Current:</i>					
Instruction	-	-	-	-	-
Support services					
Students	-	-	-	-	-
Instruction	-	-	-	-	-
General administration	-	-	-	-	-
School administration	-	-	-	-	-
Central services	-	-	-	-	-
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Other support services	-	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>					
Operating transfers	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	98,716	-	4,500	(2,750)	176
<i>Prior period adjustment</i>	-	-	-	-	-
<i>Adjusted fund balances - beginning of year</i>	<u>98,716</u>	<u>-</u>	<u>4,500</u>	<u>(2,750)</u>	<u>176</u>
<i>Fund balances - end of year</i>	<u>\$ 98,716</u>	<u>\$ -</u>	<u>\$ 4,500</u>	<u>\$ (2,750)</u>	<u>\$ 176</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA SCHOOLS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR YEAR ENDED JUNE 30, 2019

Statement B-2

	GEAR-UP CHE 28178	GRADS Child Care 28189	GRADS Instruction 28190	Private Direct Grants 29102	RE: Learning New Mexico 29112
<i>Revenues:</i>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-	-
Federal grants	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>					
Current:					
Instruction	-	-	-	-	-
Support services					
Students	-	-	-	-	-
Instruction	-	-	-	-	-
General administration	-	-	-	-	-
School administration	-	-	-	-	-
Central services	-	-	-	-	-
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Other support services	-	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>					
Operating transfers	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	(70,130)	2,159	1,672	58	1,025
<i>Prior period adjustment</i>	-	-	-	-	-
<i>Adjusted fund balances - beginning of year</i>	<u>(70,130)</u>	<u>2,159</u>	<u>1,672</u>	<u>58</u>	<u>1,025</u>
<i>Fund balances - end of year</i>	<u>\$ (70,130)</u>	<u>\$ 2,159</u>	<u>\$ 1,672</u>	<u>\$ 58</u>	<u>\$ 1,025</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA SCHOOLS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR YEAR ENDED JUNE 30, 2019

	Industrial Rev Bonds PILOT 29135	Total
	<u>29135</u>	<u>Total</u>
<i>Revenues:</i>		
Property taxes	\$ -	\$ -
State grants	-	1,298,582
Federal grants	-	5,305,514
Miscellaneous	312,500	312,500
Charges for services	-	710,825
Investment income	18,360	18,360
<i>Total revenues</i>	<u>330,860</u>	<u>7,645,781</u>
<i>Expenditures:</i>		
Current:		
Instruction	-	3,472,747
Support services		
Students	-	628,841
Instruction	-	-
General administration	-	277,397
School administration	-	116,812
Central services	-	-
Operation & maintenance of plant	-	10,895
Student transportation	-	5,426
Other support services	-	-
Food services operations	-	2,388,466
Community services	-	-
Capital outlay	-	-
Debt service		
Principal	-	-
Interest	-	-
<i>Total expenditures</i>	<u>-</u>	<u>6,900,584</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>330,860</u>	<u>745,197</u>
<i>Other financing sources (uses):</i>		
Operating transfers	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>330,860</u>	<u>745,197</u>
<i>Fund balances - beginning of year</i>	647,000	4,808,673
<i>Prior period adjustment</i>	-	(119,251)
<i>Adjusted fund balances - beginning of year</i>	<u>647,000</u>	<u>4,689,422</u>
<i>Fund balances - end of year</i>	<u>\$ 977,860</u>	<u>\$ 5,434,619</u>

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

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CAPITAL PROJECTS FUNDS

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
CAPITAL PROJECTS FUNDS DESCRIPTIONS
FOR THE YEAR ENDED JUNE 30, 2019

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

Bond Building (31100) — 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. No minimum balance required according to legislation.

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

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

Energy Efficiency Act (31800) – To account for school projects designed to increase the efficiency of the District's buildings. The legislation allows the District to incur long-term contracts to complete these projects. Savings from the modifications made are used to fund the projects. This was approved by the Public Building Energy Efficiency Act (6-21-1 to 6-23-10, NMSA 1978). No minimum balance required according to legislation.

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

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2019

Statement C-1

	Bond Building 31100	Public School Capital Outlay 31200	Capital Improvements SB-9 (State) 31700
ASSETS			
<i>Current assets:</i>			
Cash and temporary investments	\$ 1,994,025	\$ 13,981	\$ -
Accounts receivable			
Taxes	-	-	-
Due from other governments	-	-	183,966
Interfund receivables	-	-	-
Other	-	-	-
Prepays	-	-	-
Inventory	-	-	-
	<u>1,994,025</u>	<u>13,981</u>	<u>183,966</u>
<i>Total assets</i>	<u>1,994,025</u>	<u>13,981</u>	<u>183,966</u>
LIABILITIES			
<i>Current liabilities:</i>			
Accounts payable	377,620	-	375,461
Accrued payroll liabilities	-	-	-
Interfund payables	-	-	186,973
Unearned revenue	-	-	-
	<u>377,620</u>	<u>-</u>	<u>562,434</u>
<i>Total liabilities</i>	<u>377,620</u>	<u>-</u>	<u>562,434</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues - property taxes	-	-	-
Unavailable revenues - other	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted for:			
Grant mandates	-	-	-
Capital projects	269,570	13,981	-
Debt service	-	-	-
Assigned	1,346,835	-	-
Unassigned	-	-	(378,468)
	<u>1,616,405</u>	<u>13,981</u>	<u>(378,468)</u>
<i>Total fund balances</i>	<u>1,616,405</u>	<u>13,981</u>	<u>(378,468)</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 1,994,025</u>	<u>\$ 13,981</u>	<u>\$ 183,966</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2019

Statement C-1

	Energy Efficiency Act 31800	Educational Tech Equipment Act 31900	Total
ASSETS			
<i>Current assets:</i>			
Cash and temporary investments	\$ 1,906	\$ -	\$ 2,009,912
Accounts receivable			-
Taxes	-	-	-
Due from other governments	-	-	183,966
Interfund receivables	-	-	-
Other	-	-	-
Prepays	-	-	-
Inventory	-	-	-
	<u>1,906</u>	<u>-</u>	<u>2,193,878</u>
<i>Total assets</i>	<u>1,906</u>	<u>-</u>	<u>2,193,878</u>
LIABILITIES			
<i>Current liabilities:</i>			
Accounts payable	-	-	753,081
Accrued payroll liabilities	-	-	-
Interfund payables	-	-	186,973
Unearned revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>940,054</u>
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>940,054</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues - property taxes	-	-	-
Unavailable revenues - other	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted for:			
Grant mandates	-	-	-
Capital projects	1,906	-	285,457
Debt service	-	-	-
Assigned	-		1,346,835
Unassigned	-	-	(378,468)
	<u>1,906</u>	<u>-</u>	<u>1,253,824</u>
<i>Total fund balances</i>	<u>1,906</u>	<u>-</u>	<u>1,253,824</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 1,906</u>	<u>\$ -</u>	<u>\$ 2,193,878</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA SCHOOLS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
FOR YEAR ENDING JUNE 30, 2019

Statement C-2

	Bond Building 31100	Public School Capital Outlay 31200	Capital Improvements SB-9 (State) 31700
<i>Revenues:</i>			
Property taxes	\$ -	\$ -	\$ -
State grants	-	902,514	305,883
Federal grants	-	-	-
Miscellaneous	-	-	-
Charges for services	-	-	-
Investment income	13,493	-	-
<i>Total revenues</i>	<u>13,493</u>	<u>902,514</u>	<u>305,883</u>
<i>Expenditures:</i>			
<i>Current:</i>			
Instruction	-	-	-
Support services			
Students	-	-	-
Instruction	-	-	-
General administration	-	-	-
School administration	-	-	-
Central services	-	-	-
Operation & maintenance of plant	-	-	-
Student transportation	-	-	-
Other support services	-	-	-
Food services operations	-	-	-
Community services	-	-	-
Capital outlay	702,349	902,514	559,427
Debt service			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>702,349</u>	<u>902,514</u>	<u>559,427</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(688,856)</u>	<u>-</u>	<u>(253,544)</u>
<i>Other financing sources (uses):</i>			
Operating transfers	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>(688,856)</u>	<u>-</u>	<u>(253,544)</u>
<i>Fund balances - beginning of year</i>	2,305,261	13,981	(1,641,338)
<i>Prior period adjustment</i>	<u>-</u>	<u>-</u>	<u>1,516,414</u>
<i>Adjusted fund balances - beginning of year</i>	<u>2,305,261</u>	<u>13,981</u>	<u>(124,924)</u>
<i>Fund balances - end of year</i>	<u>\$ 1,616,405</u>	<u>\$ 13,981</u>	<u>\$ (378,468)</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA SCHOOLS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
FOR YEAR ENDING JUNE 30, 2019

Statement C-2

	Energy Efficiency Act 31800	Educational Tech Equipment Act 31900	Total
<i>Revenues:</i>			
Property taxes	\$ -	\$ -	\$ -
State grants	-	-	1,208,397
Federal grants	-	-	-
Miscellaneous	-	-	-
Charges for services	-	-	-
Investment income	-	-	13,493
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>1,221,890</u>
<i>Expenditures:</i>			
Current:			
Instruction	-	-	-
Support services			-
Students	-	-	-
Instruction	-	-	-
General administration	-	-	-
School administration	-	-	-
Central services	-	-	-
Operation & maintenance of plant	-	-	-
Student transportation	-	-	-
Other support services	-	-	-
Food services operations	-	-	-
Community services	-	-	-
Capital outlay	-	-	2,164,290
Debt service			-
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>-</u>	<u>2,164,290</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(942,400)</u>
<i>Other financing sources (uses):</i>			
Operating transfers	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>(942,400)</u>
<i>Fund balances - beginning of year</i>	1,906	(952,362)	(272,552)
<i>Prior period adjustment</i>	<u>-</u>	<u>952,362</u>	<u>2,468,776</u>
<i>Adjusted fund balances - beginning of year</i>	<u>1,906</u>	<u>-</u>	<u>2,196,224</u>
<i>Fund balances - end of year</i>	<u>\$ 1,906</u>	<u>\$ -</u>	<u>\$ 1,253,824</u>

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

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DEBT SERVICE FUNDS

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
DEBT SERVICE FUNDS DESCRIPTIONS
FOR THE YEAR ENDED JUNE 30, 2019

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

Education Technology Debt Service Fund (43000) – The fund is to account for the debt repayments of the debt incurred through the Education Technology Equipment Act (Capital Projects Fund) (Section 6-15A-1 to 6-15A-16 NMSA 1978). No minimum balance required according to legislation.

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2019

Statement D-1

	Education Technology Debt Service 43000
ASSETS	
<i>Current assets:</i>	
Cash and temporary investments	\$ 400,339
Accounts receivable	
Taxes	80,662
Due from other governments	-
Interfund receivables	-
Other	-
Prepays	740
Inventory	-
	-
<i>Total assets</i>	481,741
LIABILITIES	
<i>Current Liabilities:</i>	
Accounts payable	-
Accrued payroll liabilities	-
Interfund payables	-
Unearned revenue	-
	-
<i>Total liabilities</i>	-
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenues - property taxes	58,578
Unavailable revenues - other	-
<i>Total deferred inflows of resources</i>	58,578
FUND BALANCES	
Nonspendable	-
Restricted for:	
Grant mandates	-
Capital projects	-
Debt service	71,129
Assigned	352,034
Unassigned	-
	-
<i>Total fund balances</i>	423,163
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$ 481,741

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

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Statement D-2

	Education Technology Debt Service 43000 <hr/>
<i>Revenues:</i>	
Property taxes	\$ 296,789
State grants	-
Federal grants	-
Miscellaneous	-
Charges for services	-
Investment income	-
<i>Total revenues</i>	<hr/> <u>296,789</u>
 <i>Expenditures:</i>	
Current:	
Instruction	-
Support services	
Students	-
Instruction	-
General administration	2,836
School administration	-
Central services	-
Operation & maintenance of plant	-
Student transportation	-
Other support services	-
Food services operations	-
Community services	-
Capital outlay	-
Debt service	
Principal	291,000
Interest	8,340
<i>Total expenditures</i>	<hr/> <u>302,176</u>
<i>Excess (deficiency) of revenues</i>	
<i>over (under) expenditures</i>	<hr/> <u>(5,387)</u>
 <i>Other financing sources (uses):</i>	
Operating transfers	-
<i>Total other financing sources (uses)</i>	<hr/> <u>-</u>
 <i>Net changes in fund balances</i>	<hr/> <u>(5,387)</u>
 <i>Fund balances - beginning of year</i>	428,550
<i>Prior period adjustment</i>	-
<i>Adjusted fund balances - beginning of year</i>	<hr/> <u>428,550</u>
 <i>Fund balances - end of year</i>	 <hr/> <u>\$ 423,163</u>

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

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OTHER SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
AGENCY FUNDS

Schedule V

SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2019

	Balance June 30, 2018	Additions	Deletions	Adjustments	Balance June 30, 2019
ASSETS					
Administration Activity	\$ 47,200	\$ 66,809	\$ 6,052	\$ 4,418	\$ 112,375
Bluewater Elementary	15,429	14,034	15,161	-	14,302
Cubero Elementary	18,752	28,113	28,166	-	18,699
Grants High School	147,311	191,284	230,999	-	107,596
Laguna/Acoma Junior/Senior High	47,463	67,076	73,381	-	41,158
Los Alamos Mid School	24,490	32,198	33,042	-	23,646
Mesa View Elementary	43,086	113,171	114,949	-	41,308
Milan Elementary	8,617	39,494	24,127	-	23,984
Mt. Taylor Elementary	17,222	59,616	49,610	-	27,228
San Rafael Elementary	11,588	9,244	10,286	-	10,546
Seboyeta Elementary	12,317	5,163	8,332	-	9,148
Total agency funds	<u>\$ 393,475</u>	<u>\$ 626,202</u>	<u>\$ 594,105</u>	<u>\$ 4,418</u>	<u>\$ 429,990</u>
LIABILITIES					
Deposits held for others	<u>\$ 393,475</u>	<u>\$ 626,202</u>	<u>\$ 594,105</u>	<u>\$ 4,418</u>	<u>\$ 429,990</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
SCHEDULE OF PLEDGED COLLATERAL
FOR THE YEAR ENDED JUNE 30, 2019

Schedule VI

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity Date</u>	<u>CUSIP Number</u>	<u>Fair Market Value June 30, 2019</u>
Wells Fargo				
	FNMA	3/1/2031	3138WGR48	\$ 4,393,755
Total Wells Fargo Bank				<u>\$ 4,393,755</u>
The securities are held, not in the District's name, at:				
BYN MELLON				
101 Barclay Street				
4th Floor East				
New York, NY 10286				
TBK Bank				
	FHLB of Dallas	12/1/2048	3132LAUX8	\$ 3,936,394
	FHLB of Dallas	2/25/2036	31395NTH0	282,634
	FHLB of Dallas	11/1/2048	3149H9HJ5	3,151,713
	FHLB of Dallas	6/15/2040	3620AQJ53	1,935,863
Total TBK Bank				<u>\$ 9,306,604</u>

The securities are held, not in the District's name, at:
FHLB - Dallas
85000 Freeport Parkway South
Irving, Texas 75063

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

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS
JUNE 30, 2019

Schedule VII

Bank Name/Account Type	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Other Adjustments	Book Balance
Wells Fargo						
Bond Account/Gate Revenue	Checking	\$ 6,781,104	\$ -	\$ -	\$ -	\$ 6,781,104
Payroll Clearing Account	Checking	9,814	-	(28,279)	641,620	623,155
Activity Account	Checking	<u>777,576</u>	<u>-</u>	<u>(14,345)</u>	<u>61</u>	<u>763,292</u>
Total Wells Fargo Bank		<u>\$ 7,568,494</u>	<u>\$ -</u>	<u>\$ (42,624)</u>	<u>\$ 641,681</u>	<u>\$ 8,167,551</u>
TBK Bank						
Operational (new)	Checking	\$ 1,515,785	\$ -	\$ (2,387,010)	\$ -	\$ (871,225)
General (old)	Checking	13,684,986	-	-	1,215	13,686,201
A/P	Checking	<u>76,181</u>	<u>11,496</u>	<u>(66,987)</u>	<u>8,633</u>	<u>29,323</u>
Total TBK Bank		<u>\$ 15,276,952</u>	<u>\$ 11,496</u>	<u>\$ (2,453,997)</u>	<u>\$ 9,848</u>	<u>\$ 12,844,299</u>
Total		<u>\$ 22,845,446</u>	<u>\$ 11,496</u>	<u>\$ (2,496,621)</u>	<u>\$ 651,529</u>	<u>21,011,850</u>
Cash per financial statements						
Cash and cash equivalents - Government Activities Exhibit A-1						\$ 20,581,858
Fiduciary funds - Exhibit D-1						<u>429,992</u>
						<u>\$ 21,011,850</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
SCHEDULE OF CASH RECONCILIATIONS
JUNE 30, 2019

Schedule VIII

Primary Government

	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000	Food Services 21000
Cash, June 30, 2018	\$ 8,315,470	\$ 13,627	\$ (180)	\$ 30,149	\$ 2,555,084
Add:					
Current year revenues	30,172,064	9,538	1,015,107	119,395	2,237,235
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans from other funds	-	-	-	-	-
Total cash available	38,487,534	23,165	1,014,927	149,544	4,792,319
Less:					
Current year expenditures	(28,111,669)	(6,867)	(987,700)	(15,133)	(2,174,197)
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans to other funds	(4,021,789)	-	-	-	-
Cash, June 30, 2019	<u>\$ 6,354,076</u>	<u>\$ 16,298</u>	<u>\$ 27,227</u>	<u>\$ 134,411</u>	<u>\$ 2,618,122</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
SCHEDULE OF CASH RECONCILIATIONS
JUNE 30, 2019

Schedule VIII

Primary Government

	Athletics 22000	Non-Instructional Support 23000	Federal Flowthrough 24000	Federal Direct 25000	Local Grants 26000
Cash, June 30, 2018	\$ 142,776	\$ 231,962	\$ (1,753,439)	\$ 1,211,093	\$ 11,489
Add:					
Current year revenues	91,216	216,257	2,365,622	2,352,505	-
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans from other funds	-	-	2,827,814	180,419	-
Total cash available	233,992	448,219	3,439,997	3,744,017	11,489
Less:					
Current year expenditures	(90,717)	(279,151)	(3,217,097)	(2,156,104)	-
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	(35,716)	-	-
Loans to other funds	-	-	-	-	-
Cash, June 30, 2019	<u>\$ 143,275</u>	<u>\$ 169,068</u>	<u>\$ 187,184</u>	<u>\$ 1,587,913</u>	<u>\$ 11,489</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
SCHEDULE OF CASH RECONCILIATIONS
JUNE 30, 2019

Schedule VIII

Primary Government

	State Flowthrough 27000	State Direct 28000	Local / State 29000	Bond Building 31100	Public School Capital Outlay 31200
Cash, June 30, 2018	\$ (269,906)	\$ 34,343	\$ 648,083	\$ 2,751,756	\$ 13,981
Add:					
Current year revenues	1,045,580	200,807	330,860	13,493	-
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans from other funds	753,703	72,880	-	-	-
Total cash available	1,529,377	308,030	978,943	2,765,249	13,981
Less:					
Current year expenditures	(1,262,527)	-	-	(771,224)	-
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	(92,184)	-	-	-	-
Loans to other funds	-	-	-	-	-
Cash, June 30, 2019	<u>\$ 174,666</u>	<u>\$ 308,030</u>	<u>\$ 978,943</u>	<u>\$ 1,994,025</u>	<u>\$ 13,981</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
SCHEDULE OF CASH RECONCILIATIONS
JUNE 30, 2019

Schedule VIII

Primary Government	Capital Improvements SB-9 - State 31700	Capital Improvements SB-9 - Local 31701	Educational Tech Equip 31800	Educational Tech Equip 31900	Debt Service 41000
Cash, June 30, 2018	\$ (264,090)	\$ 3,155,210	\$ 1,906	\$ (952,362)	\$ 2,921,019
Add:					
Current year revenues	121,917	702,912	-	-	3,114,161
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	1,541,423	-	-	952,362	-
Loans from other funds	186,973	-	-	-	-
Total cash available	1,586,223	3,858,122	1,906	-	6,035,180
Less:					
Current year expenditures	(1,586,223)	(517,521)	-	-	(3,775,710)
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	(139,166)	-	-	-
Loans to other funds	-	-	-	-	-
Cash, June 30, 2019	<u>\$ -</u>	<u>\$ 3,201,435</u>	<u>\$ 1,906</u>	<u>\$ -</u>	<u>\$ 2,259,470</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
SCHEDULE OF CASH RECONCILIATIONS
JUNE 30, 2019

Schedule VIII

Primary Government	Education Technology Debt Service 43000	Total
	<u> </u>	<u> </u>
Cash, June 30, 2018	\$ 419,655	\$ 19,217,626
Add:		
Current year revenues	283,600	44,392,269
Permanent cash transfers	-	-
Prior period adjustment	-	2,493,785
Loans from other funds	-	4,021,789
	<u>703,255</u>	<u>70,125,469</u>
Total cash available		
Less:		
Current year expenditures	(302,916)	(45,254,756)
Permanent cash transfers	-	-
Prior period adjustment	-	(267,066)
Loans to other funds	-	(4,021,789)
	<u> </u>	<u> </u>
Cash, June 30, 2019	<u>\$ 400,339</u>	<u>\$ 20,581,858</u>

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COMPLIANCE SECTION



Manning Accounting and Consulting Services, LLC

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

INDEPENDENT AUDITORS REPORT

Brian Colón, New Mexico State Auditor
The Office of Management and Budget
And the Board of Education of
Grants/Cibola County Schools
Grants, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds of the Grants/Cibola County Schools (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and the combining and individual funds of the District presented as supplementary information, and have issued our report thereon dated November 12, 2019.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses. (FS 2018-005, FS 2018-007, FS 2019-004, and FS 2019-005)

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies. (FA 2018-008, FA 2019-001, FA 2019-002, FA 2019-003, FS 2019-001, FS 2019-002, and FS 2019-003)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items NM 2018-001, NM 2018-003, NM 2018-004, NM 2018-006, NM 2019-001, NM 2019-002, NM 2019-003, NM 2019-004, NM 2019-005, NM 2019-006, NM 2019-007, and NM 2019-008.

Response to Findings

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

Purpose of this Report

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

Manning Accounting and Consulting Services, LLC

Manning Accounting and Consulting Services, LLC
Kirtland, New Mexico
November 12, 2019

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FEDERAL FINANCIAL ASSISTANCE



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

INDEPENDENT AUDITOR'S REPORT

Brian Colón, New Mexico State Auditor
The Office of Management and Budget
And the Board of Education of
Grants/Cibola County Schools
Grants, New Mexico

Report on Compliance for Each Major Federal Program

We have audited the Grants/Cibola County Schools (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the 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 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 consider necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned costs as items FA 2018-008, FA 2019-001, FA 2019-002, and FA 2019-003. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items FA 2018-008, FA 2019-001, FA 2019-002, and FA 2019-003 that we consider to be a significant deficiency.

The District's response to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Manning Accounting and Consulting Services, LLC

Manning Accounting and Consulting Services, LLC
Kirtland, New Mexico
November 12, 2019

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule IX

Federal Grantor or Pass-Through Grantor / Program Title	Passthrough Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Education			
<i>Passthrough State of New Mexico Public Education Department</i>			
Special Education Cluster (IDEA)			
IDEA B - Entitlement	24106	84.027	\$ 847,374
IDEA-B Competitive	24108	84.027	6,899
IDEA-B Results Plan	24132	84.027	31,796
IDEA-B Preschool	24109	84.173	19,851
Total Special Education Cluster (IDEA)			<u>905,920</u>
Other Programs (Treated individually for major program determination)			
Title I IASA	24101	84.010	1,619,945
Carl D Perkins Secondary - Current	24174	84.048A	55,385
Carl D. Perkins Special Projects	24171	84.048A	57,566
English Language Acquisition	24153	84.365A	25,832
Teacher/Principal Training & Recruiting	24154	84.367	334,062
Rural & Low-Income Schools	24160	84.358A	47,511
GEAR up NM	25205	84.334A	207,127
Student Support Academic Achievement Title IV	24189	84.424A	54,722
Total Other Programs			<u>2,402,150</u>
<i>Subtotal - Passthrough State of New Mexico Public Education Department</i>			<u>3,308,070</u>
<i>Direct U.S. Department of Education</i>			
Other Programs (Treated individually for major program determination)			
Impact Aid			
Impact Aid (1)	11000	84.041	3,889,156
Impact Aid Special Education (1)	25145	84.041	69,557
Impact Aid Indian Education (1)	25147	84.041	1,072,205
Total Impact Aid			<u>5,030,918</u>
Title IX Indian Education (1)	25115	84.060	271,439
Total Other Programs			<u>5,302,357</u>
<i>Subtotal - Direct U.S. Department of Education</i>			<u>5,302,357</u>
Total U.S. Department of Education			<u>8,610,427</u>
U.S. Department of Health and Human Services			
<i>Indirect Center for Disease Control</i>			
CDC's Healthy Schools	24130	93.981	7,313
Total U.S. Department of Health and Human Services			<u>7,313</u>
U.S. Department of Defense			
<i>Direct U.S. Department of Defense</i>			
ROTC	25200	12.000	90,306
Total U.S. Department of Defense			<u>90,306</u>
U.S. Department of Agriculture			
<i>Direct U.S. Department of Agriculture</i>			
Forest Reserve	11000	10.672	222,776
<i>Passthrough State of New Mexico Public Education Department</i>			
Other Programs (Treated individually for major program determination)			
Fresh Fruit and Vegetables	24118	10.582	91,029
Child Nutrition Cluster			
USDA School Breakfast Program	21000	10.553	677,377
National School Lunch Program	21000	10.555	1,552,448
Total Child Nutrition Cluster			<u>2,229,825</u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule IX

Federal Grantor or Pass-Through Grantor / Program Title	Passthrough Number	Federal CFDA Number	Federal Expenditures
<i>Passthrough State of New Mexico Human Services Department</i>			
Food Distribution (Commodities)	21000	10.565	<u>63,561</u>
<i>Subtotal - Passthrough State of New Mexico Public</i>			
<i>Education Department</i>			<u>2,293,386</u>
<i>Subtotal - Passthrough State of New Mexico</i>			
<i>Human Services Department</i>			<u>63,561</u>
Total U.S. Department of Agriculture			<u>2,384,415</u>
Total Federal Financial Assistance			<u><u>\$ 11,315,237</u></u>

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

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule IX

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

2. Sub recipients

The District did not provide any federal awards to sub recipients during the year.

3. Non Cash Federal Assistance

The District receives USDA commodities for use in sponsoring the National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2019 was \$63,561 and is reported in the Schedule of Expenditures of Federal Awards under the Department of Agriculture Commodities program, CFDA number 10.565. Commodities are recorded as revenues and

4. Indirect Cost Rate

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Certain of the District's federal award programs have been charged with indirect costs, based upon a rate established by the State of New Mexico, and the District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance applied to overall expenditures. The District's indirect cost rate for the year was 2.30%.

5. Matching Costs

Matching costs (the District's share of certain program costs) are not included in the reported expenditures. The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

6. Insurance

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the District's casualty insurance policies.

7. Loan or Loan Guarantees

There were no loans or loan guarantees outstanding at year-end.

Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements:

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 11,315,237
Total expenditures funded by other sources	34,104,855
Total expenditures	\$ 45,420,092

(1) Denotes Major Federal Financial Assistance Program

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

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Section I – Summary of Audit Results

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditor’s report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness in internal control identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Noncompliance material to 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? | Yes |
| 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-200.5169(a)? | No |
| 4. Identification of major programs: | |

CFDA Number	Federal Program
84.060	Indian Ed Formula Grant
84.041	Impact Aid

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee? | No |

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

Section II – Financial Statement Findings

FS 2018-005 [2018-005] – Internal Controls over District Cash and Bank Reconciliations (Material Weakness) Repeated and Modified

***Criteria:* [6.20.2.14 NMAC 1978](#) CASH CONTROL STANDARDS:**

- A. School districts shall establish and maintain a cash management program to safeguard cash and provide prompt and accurate reporting that adheres to cash management requirements of the office of management and budget (OMB) Circular A-102, and applicable state and federal laws and regulations.
- B. The school district shall issue a factory pre-numbered receipt for all money received. Pre-numbered receipts are to be controlled and secured. If a receipt is voided, all copies shall be marked "VOID" and retained in the receipt book.
- C. Money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day. If the distance to the bank is considerable, or the cash collection is limited to small amounts and/or low volume and it is impractical to meet the twenty-four hour/one banking day requirement, the local board may request approval from the department for an alternative plan. The bank deposit slip shall have the numbers from applicable receipts entered on it or attached as a reference.
- D. A cash receipts journal is to be used for each fiscal year beginning July 1 and ending June 30, and is to be presented to the school district's auditor during the annual audit.
- J. **The school district shall maintain a cash control ledger for each fund/subfund where all transactions affecting cash are recorded. Cash balances reported to the department shall be the same as the district's cash control ledger and annual audit.**
- K. **All bank accounts shall be reconciled on a monthly basis. Reconciled bank statements are to be reviewed by the business manager and/or assistant superintendent for business administration. The bank statement, deposit slips, and canceled checks shall be made available to the district's auditor during the annual audit.**

Condition: During our review of cash and cash reconciliation procedures, we noted the following:

- The District is not completing timely bank reconciliations on a monthly basis.
- There is no indication on bank reconciliations that they are being reviewed by a second individual.
- Items that were incorrectly posted between accounts were not readily identified and posted to the correct accounts.
- Stale dated checks are not properly removed from the outstanding lists for the accounts payable and payroll clearing accounts.
- General ledger accounts at year-end showed a balance of \$20,327,370 while the reconciled bank balances showed a balance of \$20,370,230, a difference of \$42,860.
- The District has not been properly entering audit adjustments to cash. The District has entered those adjustments in the year under audit; however, the District had already "rolled" the financials to the next year and failed to enter those adjustments in the new year.
- The District has many funds which are inactive which have positive and negative balances in their cash accounts which need to be closed out and cleaned up with the approval of the Public Education Department.

During most of the current year, the District had not made improvements on this audit finding and many issues still existed at year-end with regards to cash. The fact that the District had on opening in its Finance Director position for the last four months of the year didn't help with the progress in the correction of prior findings. However, a new superintendent was brought on mid-year who hired outside consultants, who are experienced with school finance, to come in and begin helping the District clean up issues. In July 2019, the Finance Director position was also filled by an individual who is serious about getting systems working better in the District and in cleaning up the related issues. Subsequent to year-end, the District has continued on its path of cleaning up issues with cash and other issues in the District.

Cause: The District has not placed a priority in the past year on making sure that all cash accounts are reconciled timely and that they are reviewed by a second individual, that cash accounts tie to their audit report and to bank statement balances, that journal entries are properly entered, and that old, unused funds are closed out.

Effect: Reconciling the cash account is essential to operational and management decisions. Delays in reconciling accounts and making timely adjustments for errors and omissions, failure to enter audit adjustments in the current year, and maintaining so many dormant and unused accounts has resulted in improper cash balances and poor information being provided to fund managers and district administration. Also, this significantly increases the possibility of fraudulent transactions taking place and going undetected for long periods of time.

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

Section II – Financial Statement Findings (Continued)

FS 2018-005 [2018-005] – Internal Controls over District Cash and Bank Reconciliations (Material Weakness) Repeated and Modified (Continued)

Auditors' Recommendations: We recommend that the District's bank reconciliations be completed in a timely and accurate manner and signed and dated by the individual performing the reconciliation, and items which are identified as errors should be corrected in the month identified. All reconciliations should be reviewed, initialed, and dated to indicate when a secondary review is done. All audit adjustments should be entered into the books of record and then verified that cash balances agree to the audit, not only in the year of audit but the beginning balances in the subsequent year should be reviewed to make sure proper beginning balances exist in the new year. Finally, the District should make an effort to close out all old, unused funds. The District needs to work with the Public Education Department (PED) to obtain permission to retain the cash in those funds where possible, refund cash amounts in funds where the State won't allow them to retain funds, and obtain permission from the Board and PED to transfer cash into the funds which have negative cash balances, both active and inactive funds, so that all funds are tied out properly and all negative fund balances are removed.

Responsible Official's Plan:

- Specific corrective action plan for finding:

The district has contracted consultants to train and assist with implementing procedures. Closing of multiple bank accounts has started and the district is only keeping two, general operations and bond services. The bank/cash reconciliation process will be more efficient by reconciling only two accounts vs seven. Responsible identified staff will be trained on the proper and timely recording of bond revenues and expenses. A review process for recording revenues and processing payables has been implemented to assure proper posting in the GL. Monthly budget and GL reviews will be implemented to assure proper recording, availability of funds, and compliance. Monthly closing procedures will be implemented and staff will be trained. The district has just recently advertised for an accountant position that will be responsible for the reconciliations.

- Timeline for completion of corrective action plan:

Bank reconciliation and bank accounts reduction started in March; November hopefully will be the first month with activity only in two bank accounts. Procedures and training will start in November or when the accountant is hired and will continue to the end of fiscal year.

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

Finance Director and Consultants

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

Section II – Financial Statement Findings (Continued)

FS 2018-007 [2018-007] – Improper Maintenance of Fixed Assets and Fixed Asset Certification (Material Weakness) Repeated and Modified

Criteria:

2.20.1.16 NMAC 1978 ANNUAL INVENTORY:

- A. At the end of the fiscal year, each agency shall conduct a physical inventory of its fixed assets consisting of those with a historical cost of one thousand dollars (\$1,000) or more, under the control of the governing authority.
- B. This inventory shall include all property procured through the capital projects fund which are assigned to the agency designated by the director of the property control division as the user agency.
- C. All passenger vehicles must be included in the inventory process. This includes all vehicles leased from the transportation services division of the general services department as required by the "Auditor's Rule" 2 NMAC 2.2.11.1.L [now Paragraph (8) or Subsection A of 2.2.2.12 NMAC].
- D. The inventory process shall produce a list of the property and the date and cost of acquisition. The annual physical inventory checks against losses not previously revealed and brings to light errors in records of accountability, but more importantly, a systematic physical inventory of fixed assets provides an opportunity for surveying their physical condition, with respect to their need for repairs, maintenance or replacement.
- E. **The results of the physical inventory shall be recorded in a written inventory report, certified as to correctness and signed by the governing authority of the agency. In the process of conducting their fieldwork, the state auditor or independent public accountant under a contract approved by the state auditor may test the correctness of the inventory by generally accepted auditing procedures (Laws 1999, Chapter 230).**

Additionally, 12-6-10 NMSA 1978 Annual inventory.

- A. The governing authority of each agency shall, at the end of each fiscal year, conduct a physical inventory of movable chattels and equipment costing more than five thousand dollars (\$5,000) and under the control of the governing authority. This inventory shall include all movable chattels and equipment procured through the capital program fund under Section 15-3B-16 NMSA 1978, which are assigned to the agency designated by the director of the property control division of the general services department as the user agency. The inventory shall list the chattels and equipment and the date and cost of acquisition. No agency shall be required to list any item costing five thousand dollars (\$5,000) or less. **Upon completion, the inventory shall be certified by the governing authority as to correctness. Each agency shall maintain one copy in its files. At the time of the annual audit, the state auditor shall satisfy himself as to the correctness of the inventory by generally accepted auditing procedures.**

Finally, 13-6-2 NMSA 1978 Sale of property by state agencies or local public bodies; authority to sell or dispose of property; approval of appropriate approval authority:

- A. **Providing a written determination has been made, a state agency, local public body, school district or state educational institution may sell or otherwise dispose of real or tangible personal property belonging to the state agency, local public body, school district or state educational institution.**
- B. A state agency, local public body, school district or state educational institution may sell or otherwise dispose of real property:
 - (1) by negotiated sale or donation to an Indian nation, tribe or pueblo located wholly or partially in New Mexico, or to a governmental unit of an Indian nation, tribe or pueblo in New Mexico, that is authorized to purchase land and control activities on its land by an act of congress or to purchase land on behalf of the Indian nation, tribe or pueblo;
 - (2) by negotiated sale or donation to other state agencies, local public bodies, school districts or state educational institutions;
 - (3) through the central purchasing office of the state agency, local public body, school district or state educational institution by means of competitive sealed bid, public auction or negotiated sale to a private person or to an Indian nation, tribe or pueblo in New Mexico; or
 - (4) if a state agency, through the surplus property bureau of the transportation services division of the general services department.
- C. A state agency shall give the surplus property bureau of the transportation services division of the general services department the right of first refusal to dispose of tangible personal property of the state agency. A school district may give the surplus property bureau the right of first refusal to dispose of tangible personal property of the school district.

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

Section II – Financial Statement Findings (Continued)

FS 2018-007 [2018-007] – Improper Maintenance of Fixed Assets and Fixed Asset Certification (Material Weakness) Repeated and Modified (Continued)

- D. Except as provided in Section [13-6-2.1](#) NMSA 1978 requiring state board of finance approval for certain transactions, sale or disposition of real or tangible personal property having a current resale value of more than five thousand dollars (\$5,000) may be made by a state agency, local public body, school district or state educational institution if the sale or disposition has been approved by the state budget division of the department of finance and administration for state agencies, the local government division of the department of finance and administration for local public bodies, the public education department for school districts and the higher education department for state educational institutions.
- E. Prior approval of the appropriate approval authority is not required if the tangible personal property is to be used as a trade-in or exchange pursuant to the provisions of the Procurement Code [Sections [13-1-28](#) through [13-1-199](#) NMSA 1978].
- F. The appropriate approval authority may condition the approval of the sale or other disposition of real or tangible personal property upon the property being offered for sale or donation to a state agency, local public body, school district or state educational institution.
- G. The appropriate approval authority may credit a payment received from the sale of such real or tangible personal property to the governmental body making the sale. The state agency, local public body, school district or state educational institution may convey all or any interest in the real or tangible personal property without warranty.

Condition: During our review of fixed assets, we identified the following issues:

- The District did not have an individual assigned to track fixed asset additions during the year.
- Fixed asset additions were not collected during the year for capitalization.
- Depreciation had not been calculated for the year.
- Additions paid by the Public School Facilities Authority (PSFA) had not been collected by the District.
- It was determined that all additions in the prior year, both those paid by the District and those paid for by the PSFA, had not been properly capitalized and categorized.
 - This will result in a prior period adjustment to capitalize the net effect of the additions.

Finally, the District did not have its Board certify its fixed asset inventory in a duly authorized board meeting as required by statute. Also, it is very likely that many items which had been maintained on the fixed asset listing, and may still be on the fixed asset listing, do not actually exist in the District when one compares the type of fixed asset, the age of the fixed asset, and the real estimated life of the fixed asset on the inventory listing. There is no real issue with the valuation as these assets are completely depreciated for financial statement purposes; however, items may be listed which no longer exist in the District.

The District did not make improvement on this area of concern during the year under audit. However, the District had brought in outside consultants who are familiar with school finances prior to year-end and filled its open Finance Director position shortly after year-end. By November and December 2019, the District and its consultants had done a lot of work to improve the fixed assets by capturing all items which had been added during the year under audit and in capturing items in previous years which had never been added to the fixed asset listing, including those payments made by the State on behalf of the District. The District also took advantage of a recent change in the statute which allowed them to remove from the fixed asset listing those items under \$5,000 which makes the equipment listing much more manageable.

Cause: The District does not have an individual assigned with the duties of collecting fixed asset additions and dispositions for the year and processing depreciation on these assets. The District is not doing accurate and reliable fixed asset inventories during the year to enable it to maintain proper fixed asset listings. Additionally, the District was unaware of the requirement to have its fixed assets certified by the Board each year.

Effect: The net value of fixed assets may not be properly reported in audits if detail is not properly maintained and compared to the prior year. Without proper and accurate annual inventories of fixed assets in the District of \$5,000 or more, it's impossible to know if all asset inventories are accurate and proper. Also, the District was not in compliance with State statutes regarding the certification of its annual physical inventory.

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

Section II – Financial Statement Findings (Continued)

FS 2018-007 [2018-007] – Improper Maintenance of Fixed Assets and Fixed Asset Certification (Material Weakness) Repeated and Modified Continued

Auditors' Recommendations: We recommend that the District emphasize the importance of accurately maintaining their fixed asset and depreciation listings. These listings should be periodically compared to one another to verify that the two listings include the same assets. The District should complete thorough and accurate inventory counts each year to help maintain these listings and identify when things have been removed or disposed of during the year if not done properly. Finally, we also recommend that the District set a standard date to take their fixed asset inventory to the Board for certification so that it is included each year at that time to avoid missing this statutory requirement in the future.

Responsible Official's Plan:

- Specific corrective action plan for finding:
 - ✓ **A Business Office employee has been dedicated to recording and maintaining the Fixed Asset database in the Visions Accounting system**
 - ✓ **A procedure for identifying qualified fixed assets will be developed**
 - ✓ **The current database of fixed assets in the Fixed Asset module of Visions will be updated**
 - ✓ **The Accountant and Finance Director will implement and update a Depreciation Schedule for all fixed assets**
 - ✓ **The new electronic scanning and inventory tagging system already purchased by the District will be implemented**

Timeline:

- Timeline for completion of corrective action plan:
 - **A work plan will be developed by February, 2020**
 - **The existing Fixed Asset module in Visions will be reviewed and updated by the Accountant and Finance Director by January, 2020**
 - **A new procedure for managing and reporting fixed assets will be developed by February, 2020**
 - **Updating of current Fixed Assets will be completed by June, 2020**
- Employee position(s) responsible for meeting the timeline:

Finance Director

Section II – Financial Statement Findings (Continued)

FS 2019-001 – Late Payment of 941 Tax Payment (Significant Deficiency)

Criteria: IRS 941 Guidelines Publication 15:

When To Deposit

There are two deposit schedules—monthly and semiweekly—for determining when you deposit social security, Medicare, and withheld income taxes. These schedules tell you when a deposit is due after a tax liability arises (for example, when you have a payday). Before the beginning of each calendar year, you must determine which of the two deposit schedules you're required to use. The deposit schedule you must use is based on the total tax liability you reported on Form 941 during a lookback period, discussed next. Your deposit schedule isn't determined by how often you pay your employees or make deposits. See special rules for Forms 944 and 945, later. Also see Application of Monthly and Semiweekly Schedules, later in this section.

Monthly Deposit Schedule

You're a monthly schedule depositor for a calendar year if the total taxes on Form 941, line 10, for the 4 quarters in your lookback period were \$50,000 or less. Under the monthly deposit schedule, deposit employment taxes on payments made during a month by the 15th day of the following month. See also *Deposits Due on Business Days Only* and the *\$100,000 Next-Day Deposit Rule*, later in this section. Monthly schedule depositors shouldn't file Form 941 or Form 944 on a monthly basis.

Semi-weekly Depositor

Under the semiweekly deposit schedule, deposit employment taxes for payments made on Wednesday, Thursday, and/or Friday by the following Wednesday. Deposit taxes for payments made on Saturday, Sunday, Monday, and/or Tuesday by the following Friday. Report your deposits quarterly or annually only by filing Form 941 or Form 944.

\$100,000 Next-Day Deposit Rule

If you accumulate \$100,000 or more in taxes on any day during a monthly or semiweekly deposit period you must deposit the tax by the next business day, whether you're a monthly or semiweekly schedule depositor.

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

- In 1 of 2 quarters reviewed the district failed to make its 941 payments to the IRS prior to the deadline. The October 5th payroll payment was made on October 19th. The December 21st payroll date was not made until January 8th.
- The District was fined \$47,550 for a late payment in December 2012.
- The District had not yet paid their \$31,825 fine from a June 2018 payroll as of 10/31/19
 - The District received notice of the fine 10/11/19
- The District was fined \$6,045 for the June 2019 pay period

Cause: Federal tax guidelines were not properly followed as the employee assigned the responsibility of making these deposits did not take the issue as serious as required. Additionally, no controls were in place to identify when payroll deposits were not being performed timely or accurately.

Effect: The District is in a violation of IRS Publication 15. Additionally, the District has opened itself up to serious fines and penalties which means those District resources cannot be used where they were intended to be used but are paying for errors due to employee negligence and lack of control procedures.

Auditor's Recommendation: We recommend that the District institute proper training with all employees who are responsible for making payroll deduction deposits. This training should include required report deadlines and deposit deadlines and stress the cost of not making those required reporting and depositing deadlines. The District should also implement control procedures which provide for methods of identifying if deposits have been timely completed and that all reports are completed and filed by their established deadlines.

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Section II – Financial Statement Findings (Continued)

FS 2019-001 – Late Payment of 941 Tax Payment (Significant Deficiency) (Continued)

Responsible Official's Plan:

- Specific corrective action plan for finding:

The district has implemented a checklist system of all payroll liabilities including the Federal Taxes to be completed by the Payroll Specialist with specified deadlines. The Finance Director is reviewing the payments and their checklist on the Monday following the payroll to ensure that all payments are made timely and accurately.

- Timeline for completion of corrective action plan:

The district has already implemented a checklist process and review. It appears to be working but will be continually updated if needed.

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

Finance Director

Section II – Financial Statement Findings (Continued)

FS 2019-002 – Improper Withholding of Employer Contributions (Significant Deficiency)

Criteria: 22-11-21 NMSA 1978: Contributions; members; local administrative units:

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

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

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

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

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

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

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

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

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

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

22-11-22. Payment; records; audits.

A. Contributions shall be deducted from the salaries of members by the local administrative units as the salaries are paid. These contributions shall be forwarded monthly to the director for deposit in the fund.

B. Contributions of local administrative units shall be derived from revenue available to the local administrative unit and shall be forwarded monthly to the director for deposit in the fund. The board may assess an interest charge and a penalty charge on any remittance not made by its due date.

C. Each local administrative unit shall record and certify quarterly to the director an itemized account of the contributions paid by each member and the local administrative unit. The director shall keep a record of these itemized accounts.

D. The director or the director's authorized representative may audit the financial affairs, books and records, and may interview employees, of any local administrative unit at any time to ensure compliance with the Educational Retirement Act and rules adopted by the board. The local administrative unit shall cooperate with the director or the authorized representative and shall provide access to records, information and employees during regular business hours. If, during the course of the audit, the director or the director's designee finds discrepancies or violations of the Educational Retirement Act or rules adopted by the board, or if the director or the director's designee finds that a local administrative unit does not have adequate financial controls or procedures in place to allow the local administrative unit to properly account for and pay required contributions to the board:

(1) the director shall order the local administrative unit to implement measures to remedy those matters, including payment to the fund of any contributions not properly calculated or paid, together with interest thereon at a rate to be established by the board. The local administrative unit shall promptly comply with that order; and

(2) the director shall submit a report describing the discrepancy, violation or failure to maintain adequate financial controls or procedures to the board, the state auditor and the public education department or the higher education department as may be appropriate.

E. If the director or the director's designee finds or has reason to suspect criminal activity with respect to contributions, payments or the management of the funds of a local administrative unit, the director shall notify the attorney general, the state auditor and the appropriate law enforcement agency.

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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Section II – Financial Statement Findings (Continued)

FS 2019-002 – Improper Withholding of Employer Contributions (Significant Deficiency)

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

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

- (1) at least seventy-five percent of the cost of the insurance of an employee whose annual salary is less than fifteen thousand dollars (\$15,000);
- (2) at least seventy percent of the cost of the insurance of an employee whose annual salary is fifteen thousand dollars (\$15,000) or more but less than twenty thousand dollars (\$20,000);
- (3) at least sixty-five percent of the cost of the insurance of an employee whose annual salary is twenty thousand dollars (\$20,000) or more but less than twenty-five thousand dollars (\$25,000); or
- (4) at least sixty percent of the cost of the insurance of an employee whose annual salary is twenty-five thousand dollars (\$25,000) or more.

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

The New Mexico Retiree Health Care Authority the employee/ employer contribution rate for regular (non-enhanced) retirement plans is as follows;

Employer portion is equal to 2% of the employee's salary

Employee portion is equal to 1% of the employee's salary

Condition: During our review of ERB contributions we noted that there were as many as 7 employees who the District had failed to make any contributions to the ERB for the past two years. These employees' salaries were also not reported to RHCA. The District discovered this issue in May of 2019 and have since made all contributions including the employee's share.

During our review of personnel files, we discovered two employees whose withholdings were not the proper amount prescribed by statute. One of the employee's contract was between \$20,000 and \$25,000 and should have had deductions at 35%/65%. The District was making deductions for an employee making less than \$20,000. In the second instance an employee's salary increased from less than \$20,000 to between \$20,000 and \$25,000 but his insurance deductions did not change to reflect the increase in salary.

Cause: The District has not followed state guidelines regarding employee and employer retirement and insurance contributions. No system was in place to verify that all new employees were properly coded for retirement and insurance deductions at the proper levels. Additionally, the system did not provide for identifying changes in employee's pay rates which trigger new deduction amounts.

Effect: The District's missed payments subjects the school to late fees and puts them in non-compliance with state guidelines. This also prevented the employees from accruing ERB retirement benefits during this period. The District's improper calculation of employee withholdings has resulted in an employee having less withheld from their paycheck than statute requires. The District has had to expend funds to make up the contributions which should have been made by the employees. This means that those resources weren't going to their intended purposes.

Auditor's Recommendation: We recommend that the District ensure that ERB, RHC, and insurance deductions are being withheld from all employees who are required to make such contributions and that those contributions and deductions are at the proper rates and amounts. We also recommend that those deductions for ERB, RHC, and insurance be made timely. Finally, we recommend that control procedures be put in place to provide assurance that all employees are properly coded for the correct deductions and contributions and that those amounts are at the proper rates.

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Section II – Financial Statement Findings (Continued)

FS 2019-002 – Improper Withholding of Employer Contributions (Significant Deficiency)

Responsible Official's View:

- Specific corrective action plan for finding:

A second reconciliation of all of the district's liabilities will be completed with the next month to ensure that everyone is being properly reported. The finance director will implement a review of the transaction journal for every payroll period and make note of any errors or deficiencies.

Once the audit is done, a checklist and workflow will be developed to ensure that the liabilities are checked by a second person.

- Timeline for completion of corrective action plan:

The review will be done by end of December. The new review process will be put in place in November, 2019.

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

Finance Director

Section II – Financial Statement Findings (Continued)

FS 2019-003 – Failure to Follow Bid-RFP Procedures (Significant Deficiency)

Criteria: 1.4.1.15 NMAC 1978 COMPETITIVE SEALED BIDS REQUIRED: All procurement shall be achieved by competitive sealed bids except procurement achieved pursuant to the following methods:

- A. competitive sealed proposals;
- B. small purchases;
- C. sole source procurement;
- D. emergency procurement;
- E. procurement under existing contracts; and
- F. purchases from anti-poverty program businesses.

1.4.1.16 NMAC 1978 INVITATION FOR BIDS ("IFB"):

A. General. The invitation for bids ("IFB"), also sometimes referred to as the invitation to bid (ITB), is used to initiate a competitive sealed bid procurement. The IFB shall include the following:

(1) the specifications for the services, construction or items of tangible personal property to be procured, except that professional services and a design and build project delivery system cannot be procured with an IFB pursuant to 13-1-111 NMSA 1978;

(2) all contractual terms and conditions applicable to the procurement including any requirements for complying with applicable preferences provided in law;

(3) the term of the contract and conditions of renewal or extension, if any;

(4) instructions and information to bidders, including the location where bids are to be received and the date, time and place of the bid opening;

(5) a notice that the IFB may be canceled and that any and all bids may be rejected in whole or in part when it is in the best interest of the state of New Mexico; and

(6) a notice that reads substantially as follows: The Procurement Code, 13-1-28 through 13-1-199 NMSA 1978, imposes civil, misdemeanor and felony criminal penalties for its violation. In addition, the New Mexico criminal statutes impose felony penalties for bribes, gratuities and kick-backs.

B. Incorporation by reference. The IFB may incorporate documents by reference, provided that the IFB specifies where such documents can be obtained.

C. Evaluation criteria. The IFB shall set forth the evaluation criteria that will be used to determine acceptability such as inspection, testing, quality, workmanship, delivery and suitability for a particular purpose. Those criteria such as discounts, transportation costs and total or life-cycle costs that will affect the bid price shall be objectively measurable. No criteria may be used in bid evaluation that are not set forth in the IFB.

D. Bid form. The IFB shall provide a form which shall include space in which the bid price shall be inserted and which the bidder shall sign and submit along with all other necessary submissions. A bidder may submit a reasonable facsimile of the bid form. Oral, telephonic and telegraphic bids except as provided in this subsection are invalid and shall not be considered. Telegraphic or bids sent via FAX to a third party and delivered in a sealed envelope to the location where bids are to be received by the date and time shown in the bid, will be accepted for consideration.

E. Bid samples and descriptive literature.

(1) "Descriptive literature" means information available in the ordinary course of business that shows the characteristics, construction, or operation of an item.

(2) "Bid sample" means a sample furnished by a bidder that shows the characteristics of an item offered in the bid.

(3) Bid samples or descriptive literature may be required when it is necessary to evaluate required characteristics of the item bid.

(4) Bid samples, when required, shall be furnished free of expense to the state and prior to the time set for the opening of bids. Samples not destroyed or mutilated in testing will be returned upon request by mail, express or freight, collect. Each sample must be labeled to clearly show the bid number and the bidder's name.

F. Bidding time. Bidding time is the period of time between the date of distribution of the IFB and the time and date set for receipt of bids. In each case bidding time shall be set to provide bidders a reasonable time to prepare their bids. In no case shall the bidding time be shorter than the time required for publication under 1.4.1.17 NMAC of this rule.

Section II – Financial Statement Findings (Continued)

FS 2019-003 – Failure to Follow Bid-RFP Procedures (Significant Deficiency) (Continued)

1.4.1.17 NMAC 1978 PUBLIC NOTICE INVITATION FOR BID: Publication. **The IFB or notice thereof shall be published not less than ten calendar days prior to the date set for the opening of bids. The IFB or notice must be published once in at least three newspapers of general circulation in this state.**

A. These requirements of publication are in addition to any other procedures that may be adopted by the state purchasing agent to notify prospective bidders that bids will be received, including but not limited to publication in trade journals, if available.

B. Bidder lists. The state purchasing agent shall send copies of the notice or IFB involving the expenditure of more than sixty thousand dollars (\$60,000) to those businesses which have signified in writing an interest in submitting bids for particular categories of items of tangible personal property, construction and services and which have paid any required fees. ([13-1-104 NMSA 1978](#)). Reference is also given to [1.4.1.48 NMAC](#) of this rule.

C. Public availability. A copy of the IFB shall be made available for public inspection at the office of the state purchasing agent.

1.4.1.25 NMAC 1978 STATUTORY PREFERENCES: **Statutory preferences to be applied in determining low bidder or low offeror. New Mexico law provides certain statutory preferences to resident businesses, resident veteran businesses, resident contractors and resident veteran contractors as well as for recycled content goods (13-1-21 and 13-1-22 NMSA 1978). These preferences must be applied in regard to invitations for bids and requests for proposals in accordance with statute in determining the lowest bidder or offeror.**

Finally, 1.4.1.67 NMAC 1978: COPIES OF CONTRACTS AND PRICE AGREEMENTS:

A central purchasing office shall retain for public inspection and for the use of auditors a copy of each state purchasing agent contract or current price agreement relied upon to make purchases without seeking competitive bids.

Condition: During our testing of bids compliance items we identified the following instances in which proper procedures were not followed:

- The District was unable to provide proper documentation of all bids and RFPs. Some materials were available, but one individual who was responsible for maintaining some of the documentation had left the District and many of the bid/RFP documents could not be found. As such, we were unable to test for compliance for the various aspects of bids and RFPs.

Cause: The District has not followed State guidelines for purchases requiring invitation for bids and did not follow all guidelines with regards to maintaining documentation related to those bids and RFPs.

Effect: The District is not in compliance with State Purchasing Guidelines and could have their bidding procedures challenged. Additionally, the District may not be obtaining the best possible price for services.

Auditor's Recommendation: The District should establish procedures where all bid and RFP documentation are prepared and maintained in an established location so that even if employees leave the District, the proper documentation to support bid and RFP selections can be located by other employees.

Responsible official's view:

- Specific corrective action plan for finding:
 - ✓ **The District has appointed a new Procurement and Capital Projects Coordinator to oversee and manage procurement, bids, RFPs and RFQs**
 - ✓ **A new filings system is now in place and a single-point of contact and single document repository has also been established**

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Section II – Financial Statement Findings (Continued)

FS 2019-003 – Failure to Follow Bid-RFP Procedures (Significant Deficiency) (Continued)

- Timeline for completion of corrective action plan:
 - **This new process is already in place. Moving forward there will be ONE location where RFPs, RFQs and bids are stored.**
- Employee position(s) responsible for meeting the timeline:

Finance Director

Section II – Financial Statement Findings (Continued)

FS 2019–004 – Failure to Follow Proper Internal Controls Related to Payroll (Material Weakness)

Criteria: 6.20.2.11 NMAC 1978: INTERNAL CONTROL STRUCTURE STANDARDS:

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

B. **Each school district shall develop, establish and maintain a structure of internal accounting controls and written procedures to provide for segregation of duties, a system of authorization and recording procedures, and sound accounting practices in performance of duties and functions. The duties to be segregated are the authorization to execute a transaction, recording the transaction, and custody of assets involved in the transaction.**

(1) School district management must ensure that protection of the public trust is a major focus when granting the authorization to execute business of the school district.

(2) Employees handling significant amounts of cash must be adequately bonded. Access to assets is permitted only in accordance with school district authorization.

(3) Receipts, checks or warrants, purchase orders, and vouchers shall be sequentially pre-numbered.

(4) School districts shall have proper safeguards to protect unused checks and other pre-numbered forms, undeposited cash and other receipts, and facsimile signature plates.

(5) Transactions are to be recorded as necessary to permit preparation of financial statements in conformity with GAAP. In addition, school districts shall establish any other criteria applicable to such statements to maintain accountability for assets.

(6) School districts shall conduct independent checks on performance and proper valuation of recorded amounts, such as clerical checks, reconciliations, comparison of assets with recorded accountability, computer-programmed controls, management review of reports that summarize the detail of account balances, and user review of computer-generated reports.

Condition: During our review of payroll we identified the following instances in which proper procedures were not followed:

- The payroll department has the authority to set up a new employee in the system, generate a contract, and process a payroll for them without any oversight.
- No individual is signing off on any payroll reports, and no report is even run for review by a second party.

Cause: There is not a proper segregation of duties or another control procedure in place which allows for proper review when payroll personnel have the ability to do all payroll functions.

Effect: The payroll department has the ability to input new employee information and create payroll checks and contracts without oversight or involvement of other individuals. This could lead to an incidence of fraud as there is no internal control to prevent the creation of a non-existent employee or the modification of payroll for an existing individual.

Auditor's Recommendation: We recommend that the District implement segregation of duties within the payroll department and human resource departments so that two departments are necessary for the input or changing of employee payroll records. This will provide better internal controls and prevent one person from having the ability to do all payroll functions which significantly increases the chances of fraud or error. In the event that these procedures are not split between two departments, we recommend the District print a report on which another individual who is not involved in processing payroll is signing-off. The individual should review the individual employee report with actual pay amounts to ensure there are no instances of fraudulent employees or improper amounts included on the payroll and that the amounts agree to the bank transfers in total.

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Schedule X

Section II – Financial Statement Findings (Continued)

FS 2019-004 – Failure to Follow Proper Internal Controls Related to Payroll (Material Weakness)

Responsible Official's View:

- Specific corrective action plan for finding:

The district is working on implementing IVisions portal along with position control. The primary purpose of these two additions will be added controls within Visions. The plan is that with proper training the HR department will take over their part of the process of funding the position once it has been filled. The Finance Director will identify the positions allowable and payroll staff will process payroll without the ability to add any positions. The Finance Director or assigned staff will review the pay journal and sign off for each payroll.

- Timeline for completion of corrective action plan:

Review and signing of the reports will begin immediately. Implementation of IVisions has started and the use of position control will be started by March and finalized by August for the new Fiscal year.

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

Finance Director and Staff Accountant

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Schedule X

Section II – Financial Statement Findings (Continued)

FS 2019–005 – Failure to Ensure Financial Statements are Properly Stated (Material Weakness)

Criteria: 6.20.2.11 NMAC 1978 INTERNAL CONTROL STRUCTURE AND STANDARDS:

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

B. Each school district shall develop, establish and maintain a structure of internal accounting controls and written procedures to provide for segregation of duties, a system of authorization and recording procedures, and sound accounting practices in performance of duties and functions. The duties to be segregated are the authorization to execute a transaction, recording the transaction, and custody of assets involved in the transaction.

(1) School district management must ensure that protection of the public trust is a major focus when granting the authorization to execute business of the school district.

(2) Employees handling significant amounts of cash must be adequately bonded. Access to assets is permitted only in accordance with school district authorization.

(3) Receipts, checks or warrants, purchase orders, and vouchers shall be sequentially pre-numbered.

(4) School districts shall have proper safeguards to protect unused checks and other pre-numbered forms, undeposited cash and other receipts, and facsimile signature plates.

(5) Transactions are to be recorded as necessary to permit preparation of financial statements in conformity with GAAP. In addition, school districts shall establish any other criteria applicable to such statements to maintain accountability for assets.

(6) School districts shall conduct independent checks on performance and proper valuation of recorded amounts, such as clerical checks, reconciliations, comparison of assets with recorded accountability, computer-programmed controls, management review of reports that summarize the detail of account balances, and user review of computer generated reports.

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

- (1) rights and ownership;**
- (2) existence and occurrence;**
- (3) valuation and allocations;**
- (4) completeness; and,**
- (5) presentation and disclosure.**

Additionally, professional standards from both the AICPA (Code of Professional Conduct) and the Federal Government (Yellow Book guidelines) require an auditor to be independent. One threat to that independence is preparation of financial statements for an audit client. To reduce that threat to independence, an auditee (District) must accept responsibility for those financial statements and make assertions that they have sufficient skills, knowledge, and experience to understand the financial statements and accept responsibility for those financial statements. This is identified and agreed to in the engagement letter at the beginning of the audit and in the management representation letter at the conclusion of the audit.

Condition: During our review of the prior year financial statements, we identified many balances which were inaccurate. Multiple prior period adjustments had to be made to the financial statements to correct balances in order to create accurate financial statements in the current year. Adjustments, netting an increase to net position of \$9,700,416, had to be made to the following categories:

- Debt balances
- Cash balances
- Receivable balances
- Liability balances
- Capital asset balances
- Fund balances
- Balances misallocated between funds

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Section II – Financial Statement Findings (Continued)

FS 2019–005 – Failure to Ensure Financial Statements are Properly Stated (Material Weakness) Continued

Cause: District personnel did not review the financial statements in detail to ensure that the financial statements prepared by the auditors contained accurate and reliable information. The District did not compare balances in the audit to their own financial records and ask questions where balances did not agree.

Effect: The prior year financial statements were materially misstated, and the District did not take proper management responsibility for the District’s financial statements.

Auditor’s Recommendation: We recommend that the District always review the financial statements prepared by an audit firm in detail to make sure that audit balances agree to their own balances and accept all responsibility for the amounts. The District certifies that it does do this in the management representation letter. It is not an area that may be ignored or passed to individuals without sufficient skills, knowledge or experience to understand the financial statements. In situations where the amounts don’t agree, the District should make sure they understand the differences and record adjustments to their own records, if needed, to correct balances and come into agreement with the audited financial statements. Management must realize that those financial statements are their responsibility and they certify that they have accepted all management responsibilities related to the financial statements.

Responsible Official’s View:

- Specific corrective action plan for finding:

Moving forward, the financial statements will be reviewed monthly by the District Accountant, the Director of Finance and then finally by the Superintendent. Discrepancies or questions will be immediately addressed, and if necessary, a correct measure and plan of action will be implemented.

Each month, as the fiscal year progresses, the Director will ensure that any discrepancies regarding fund balances, capital assets or cash balances have been successfully addressed and corrected before moving into the next month’s financials.

In this way, we can ensure that the 12-month financial statement will be accurately stated and will appropriately represent the financial position of the district with all reliability.

- Timeline for completion of corrective action plan:

April 2020

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

Finance Director, Superintendent, and District Accountant

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Schedule X

Section III – Federal Awards Findings

FA 2018-008 [2018-008] – Employee Time and Effort Documentation (Significant Deficiency) Repeated and Modified

Federal Program Information:

Funding Agency: U.S. Department of Education
Title: Impact Aid Special Education (25145)
Indian Ed Formula Grant (25115)
CFDA Number: 84.041 and 84.060
Passthrough: N/A
Award Year: 2019

Criteria: 2 CFR Chapter I, and Chapter II, Parts 200, 215, 220, 225, and 230 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

§ 200.430 Compensation – personal services

- (i) Standards for Documentation of Personnel Expenses
- (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:
 - (i) Be supported by a system internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
 - (ii) Be incorporated into the official records of the non-Federal entity;
 - (vii) Support the distribution of the employee’s salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity

Condition: The District does not have a system of internal control to accurately track personnel costs. This relates to employees who are assigned to one cost program and to employees whose time is split between multiple cost programs. Discussion with program managers indicated that they could not certify that employees working in their program were not used at times doing duties at school sites which would not be allowable duties under their assigned program(s).

The programs do not require those employees who are assigned to one cost program to certify that their time was spent fully in the assigned program. Additionally, both funds had employees split between at least two cost programs but there was no documentation as to the allocation of their costs other than their original budgeted allocation.

During the prior year, the District had not been maintaining time-and-effort recording in its Title I program. Review of the Title I program during the current year showed that this finding had been corrected by that program.

Questioned Costs: None

Cause: The District has not implemented a method to track time for employees allocated between multiple program costs nor has it developed an internal control process to certify that employees assigned to a single cost program are truly spending 100% of their time on that cost program.

Effect: The District is not in compliance with Federal regulations related to the grant and could put funding in jeopardy or require the District to reimburse the program.

Auditor’s Recommendation: The District should implement internal control policies and procedures which require employees who work under two or more programs to track their time in a method that allows for proper allocation of expenses between those programs. Additionally, the District should implement a process for employees who work 100% of their time on one cost program to certify that they have spent all of their time on that cost allocation or to provide documentation as to what time was not spent on the assigned cost program.

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Section III – Federal Awards Findings (Continued)

FA 2018-008 [2018-008] – Employee Time and Effort Documentation (Significant Deficiency) Repeated and Modified (Continued)

Responsible official's view:

- Specific corrective action plan for finding:
 - ✓ **Budget variance reports will be developed each month.**
 - ✓ **These variance reports will be reviewed by each program manager each month.**
 - ✓ **Accountant and Finance Manager, in concurrence with program manager, will review budgets each month and make adjustments as necessary.**
 - ✓ **Upon implementation of iVisions, the program manager will be involved in the expenditure approval work flow and will receive information for approval prior to any expenditure.**
 - ✓ **Accounts will be reconciled monthly.**
- Timeline for completion of corrective action plan:
 - **This process should be fully implemented by March, 2020.**
 - **Reconciling accounts has begun.**
- Employee position(s) responsible for meeting the timeline:

Finance Director is responsible for implementing this correction

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Section III – Federal Awards Findings (Continued)

FA 2019-001 – System of Internal Control (Significant Deficiency)

Federal Program Information:

Funding Agency: U.S. Department of Education
Title: Impact Aid Special Education
Indian Ed Formula Grant
CFDA Number: 84.041 and 84.060
Passthrough: N/A
Award Year: 2019

Criteria: 2 CFR Chapter I, and Chapter II, Parts 200, 215, 220, 225, and 230 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

§200.303 Internal Controls.

The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States and the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (c) Evaluate and monitor the non-Federal entity’s compliance with statute, regulations, and the terms and conditions of Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

Condition: During our testing of single audit requirements we identified the following issues which indicate that a complete internal control structure has not been developed and implemented by the District:

- Personnel assigned to the respective programs are not reviewed and signed-off by the program managers prior to payrolls being disbursed.
- Not all purchases made by the programs are approved by the program director prior to purchase.
- Indirect costs charged to the Indian Ed Formula Grant for the year exceeded allowable amounts by \$150.65.
- Travel was reimbursed in excess of allowable costs by \$54.35.
- Draw-down of grant funds in the Indian Ed Formula Grant exceeded expenditures at the time of draw-down.
- No control mechanism exists to verify that all personnel costs are properly tracked and recorded to the proper cost program.

Questioned Costs: \$205

Cause: The District has not implemented internal control structures throughout its Federal programs which comply with established requirements. While many controls exist, a complete and integrated control structure has not been established throughout the District.

Effect: The District is not in compliance with Federal regulations related to the grant and could put funding in jeopardy or require the District to reimburse the program for improper grant distributions.

Auditor’s Recommendation: We recommend that the District establish a policy and implement procedures regarding internal control procedures that provide for:

- Review and approval of personnel by program managers prior to payroll being disbursed from their programs.
- Establishment of a tracking procedure to ensure that program managers are responsible for approving purchases prior to the purchase being made.
- Establish a process to review indirect costs charged to verify they are within prescribed limits.
- Establish a process to provide for verification of time-and-effort by program personnel.

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Section III – Federal Awards Findings (Continued)

FA 2019-001 – System of Internal Control (Significant Deficiency) (Continued)

Responsible official's view:

- Specific corrective action plan for finding:

The district has started a process of the Director for each program reviewing all charges, including payroll, being charged to the various funds prior to any RFR's being submitted. For any funds that do not require an RFR the Director's will start reviewing monthly and or at least Quarterly with the Business Office. The district will give access to all Director's the reports required for them to review their funds at any point in time which will assist and or alleviate this issue.

- Timeline for completion of corrective action plan:

The district has already begun this process and will tweak and modify the procedure and ensure that it is working properly by December 2019.

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

Finance Director/Financial Specialist assigned with working on RFR's.

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Section III – Federal Awards Findings (Continued)

FA 2019-002 – Improper Cost Allocation (Significant Deficiency)

Federal Program Information:

Funding Agency: U.S. Department of Education
Title: Indian Ed Formula Grant (25115)
CFDA Number: 84.060
Passthrough: N/A
Award Year: 2019

Criteria: 2 CFR Chapter I, and Chapter II, Parts 200, 215, 220, 225, and 230 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

§ 200.405 Allocable costs

- (a) A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received. This standard is met if the cost:
- (1) Is incurred specifically for the Federal award;
 - (2) Benefits both the Federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods; and
 - (3) Is necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award in accordance with the principles in this subpart

Condition: The District paid an employee out of Indian Ed Formula Grant (25115) when the employee should have been paid out of Impact Aid Indian Education (25147). The employee was involved in this program in prior years but was not in the 2018/2019 school year. The costs were removed from the program but the proper internal control procedures were not in place to identify this employee prior to payment from a program the employee no longer worked in.

Questioned Costs: None

Cause: The District paid an employee from a federal fund for which the employee was not eligible to be paid out of.

Effect: The District is not in compliance with Federal regulations related to internal control procedure in relation to the grant and could put funding in jeopardy or require the District to reimburse the program.

Auditor's Recommendation: The District should ensure that it has an internal control process in place which allows it to identify proper costs, including personnel costs, allocated to a program and approve those costs or allocations prior to incurring those costs.

Responsible official's view:

- Specific corrective action plan for finding:

The district has started a process of the Director for each program reviewing all charges, including payroll, being charged to the various funds prior to any RFR's being submitted. For any funds that do not require an RFR the Director's will start reviewing monthly and or at least Quarterly with the Business Office. The district will give access to all Director's the reports required for them to review their funds at any point in time which will assist and or alleviate this issue.

- Timeline for completion of corrective action plan:

The district has already begun this process and will tweak and modify the procedure and ensure that it is working properly by December 2019.

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

Finance Director/Financial Specialist assigned with working on RFR's.

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Section III – Federal Awards Findings (Continued)

FA 2019-003 – Improper Reimbursement Request (Significant Deficiency)

Federal Program Information:

Funding Agency: U.S. Department of Education
Title: Indian Ed Formula Grant (25115)
CFDA Number: 84.060
Passthrough: N/A
Award Year: 2019

Criteria: 2 CFR Chapter I, and Chapter II, Parts 200, 215, 220, 225, and 230 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

§ 200.305 Payment.

(b) For non-Federal entities other than states, payments methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-Federal entity whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means.

Condition: On May 9, 2019 the District requested a draw-down of \$96,458.16 but only had supporting expenditures of \$45,900.24 and did not expend the remaining funds in a minimal time after receiving those funds. The District expended all of the funds prior to June 30, 2019, but had excess funds after the May request.

Questioned Costs: None

Cause: The District had assumed that they would expend the funds before the end of the year but because of a shortage of personnel and expected time constraints the entire remaining balance was requested in May rather than doing two separate requests prior to year-end.

Effect: The District is not in compliance with Federal regulations related to the grant and could put funding in jeopardy or require the District to reimburse the program.

Auditor's Recommendation: The District should ensure that it is not requesting reimbursement of funds which have not yet been expended. As the funds may be requested and delivered electronically, there is no reason to request those funds prior to expending.

Responsible official's view:

- Specific corrective action plan for finding:
 - ✓ **Staff will be trained to review balance sheet accounts and outstanding items throughout the fiscal year**
 - ✓ **Bank reconciliations will be completed monthly**
 - ✓ **Year-end procedures will be implemented**
 - ✓ **Staff will be trained and guided on new procedures**
 - ✓ **A calendar/checklist will be established**
- Timeline for completion of corrective action plan:
 - **Reconciliation processes will be drafted for the new account to take over**
 - **Accountant and Finance Director have taken over the reconciliations**
 - **EOY procedures will be ready by March, 2020**
- Employee position(s) responsible for meeting the timeline:

Finance Director

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Section IV – 12-6-5 NMSA 1978 Findings

NM 2018-001 [2018-001] – Cash Appropriations in Excess of Available Cash Balances (Other Non-compliance) Repeated and Modified

Criteria: 2.2.2.10 NMAC 1978 GENERAL CRITERIA:

Q. Budgetary presentation:

(1) Prior year balance included in budget:

(a) If the agency prepares its budget on the accrual or modified accrual basis, the statement of revenues and expenditures (budget and actual) or the budgetary comparisons shall include the amount of fund balance on the budgetary basis used to balance the budget.

(b) **If the agency prepares its budget on the cash basis, the statement of revenues and expenditures (budget and actual) or the budgetary comparisons shall include the amount of prior-year cash balance used to balance the budget (or fund balance on the cash basis).**

(2) The differences between the budgetary basis and GAAP basis revenues and expenditures shall be reconciled. If the required budgetary comparison information is included in the basic financial statements, the reconciliation shall be included on the statement itself or in the notes to the financial statements. If the required budgetary comparison is presented as RSI, the reconciliation to GAAP basis shall appear in either a separate schedule or in the notes to the RSI (AAG-SLV 11.14). **The notes to the financial statements shall disclose the legal level of budgetary control for the entity and any excess of expenditures over appropriations at the legal level of budgetary control. The legal level of budgetary control for local governments is at the fund level. The legal level of budgetary control for school districts is at the function level.**

R. Appropriations:

(1) Budget related findings:

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

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

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

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

Fund #	Name	Original Cash Budget	Actual Cash	Difference
22000	Athletics	\$ 148,097	\$ 142,776	\$ (5,321)
	Total	<u>\$ 148,097</u>	<u>\$ 142,776</u>	<u>\$ (5,321)</u>

The District made significant improvement in this area as the prior year the District had eight funds where cash was improperly budgeted in an amount of \$2,124,555 while in the current year only one fund had cash improperly budgeted in the amount of \$5,321.

Effect: The District has budgeted a cash balance that does not exist. If the District expends all budgeted expenditures it will continue to overdraw its existing funds.

Cause: Inadequate monitoring of ending cash balances and budgeting are the cause of this problem.

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

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Schedule X

Section IV – 12-6-5 NMSA 1978 Findings (Continued)

NM 2018-001 [2018-001] – Cash Appropriations in Excess of Available Cash Balances (Other Non-compliance) Repeated and Modified

Responsible Official's Plan:

- Specific corrective action plan for finding:

The District is implementing an upgrade to our existing accounting system will allow real-time information about account balances as purchase orders are issued. In addition, the district has created a new approval workflow that will send purchase requisitions to program managers prior to any expenditure. This will add another approval layer to the procurement process that enables program managers to more closely monitor planned and proposed expenses.

In addition, BAR approvals will be logged and documented so that no expenditure is made prior to receiving final BAR approval from PED and that the appropriate adjustment to the District's cash balances have been updated.

- Timeline for completion of corrective action plan:

This new procedure will be in place on January 7, 2020.

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

The newly-created Procurement and Capital Projects Coordinator will be the first line of review in this process, followed by the District Accountant. Final responsibility for proper implementation rests with the Director.

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Section IV – 12-6-5 NMSA 1978 Findings (Continued)

NM 2018-003 [2018-003] – Budgetary Controls (Other Non-compliance) Repeated and Modified

Criteria: 2.2.2.10 NMAC 1978 GENERAL CRITERIA:

Q. Budgetary presentation:

(2) The differences between the budgetary basis and GAAP basis revenues and expenditures shall be reconciled. If the required budgetary comparison information is included in the basic financial statements, the reconciliation shall be included on the statement itself or in the notes to the financial statements. If the required budgetary comparison is presented as RSI, the reconciliation to GAAP basis shall appear in either a separate schedule or in the notes to the RSI (AAG-SLV 11.14). **The notes to the financial statements shall disclose the legal level of budgetary control for the entity and any excess of expenditures over appropriations at the legal level of budgetary control. The legal level of budgetary control for local governments is at the fund level. The legal level of budgetary control for school districts is at the function level.**

R. Appropriations:

(1) Budget related findings:

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

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

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

Additionally, **22-8-11 NMSA 1978 BUDGETS; APPROVAL OF OPERATING BUDGET:**

B. No School district or state-chartered school or officer or employee of a school district or state-chartered school shall make any expenditure or incur any obligation for the expenditure of public funds unless that expenditure or obligation is made in accordance with an operating budget approved by the department. This prohibition does not prohibit the transfer of funds pursuant to the department’s rules and procedures.

Condition: During our review of budgets and related expenditures, we noted that the District had expenditures in excess of budget in the following fund:

Fund #	Fund Name and Function	Amount
Major Funds:		
41000	Debt Service - General Administration	\$ 8,407
Non-Major Funds:		
25153	Title XIX Medicaid 3/21 Years - Support Services	12,474
43000	Education Technology - General Administration	576
	Total	<u>\$ 21,457</u>

The District is in about the same position with regards to this finding as they were in the prior year; as such no improvement has been made in this area. In the prior year, there were four funds with expenditures in excess of budget totaling \$4,936, and in the current year there are three funds with \$21,457 over expended at the function level.

Cause: During the normal review procedures, the District missed these three funds.

Effect: The District has expended funds in excess of its budget authority.

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Schedule X

Section IV – 12-6-5 NMSA 1978 Findings (Continued)

NM 2018-003 [2018-003] – Budgetary Controls (Other Non-compliance) Repeated and Modified

Auditor's Recommendation: Greater attention should be given to the budget monitoring process at the end-of-the-year. Adjustments should be made to budget balances in any function where there may be expenditures in excess of budget.

Responsible Official's Plan:

- Specific corrective action plan for finding:

The District is implementing an upgrade to our existing accounting system will allow real-time information about account balances as purchase orders are issued. In addition, the district has created a new approval workflow that will send purchase requisitions to program managers prior to any expenditure. This will add another approval layer to the procurement process that enables program managers to more closely monitor planned and proposed expenses.

Purchase orders will not be issued, authorizing any expenditure without first obtaining approval from program managers AND verifying that funds are available and unencumbered.

- Timeline for completion of corrective action plan:

This new procedure begins on January 7th.

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

The newly-created Procurement and Capital Projects Coordinator will be the first line of review in this process, followed by the District Accountant. Final responsibility for proper implementation rests with the Director.

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Schedule X

Section IV – 12-6-5 NMSA 1978 Findings (Continued)

NM 2018-004 [FS 2014-004] – Improper Cash Controls Outstanding Warrants (Other Non-compliance) Repeated and Modified

Criteria: 6.20.2.14 NMAC 1978: CASH CONTROL STANDARDS:

• Vouchers shall be numbered in such a manner as to provide a cross-reference between the voucher, the check, and the check register. All blank checks shall be properly safeguarded and an inventory of unused checks shall be taken periodically. Completed vouchers and supporting documentation is to be placed in numerical sequence, by the month in which they were paid, and filed for future reference and annual audit.

(1) Each warrant or check issued shall have printed on its face the words, "void after one year from date". **Whenever any warrant or check is unpaid for one year, the fiscal officer shall cancel it in accordance with Section 6-10-57(A), NMSA 1978.**

(2) The fiscal officer shall keep a register of all canceled warrants/checks. The register shall show the number, date and amount, name of payee, fund out of which it was payable, and date of cancellation. The face amount shall revert and be credited to the fund against which the warrant/check was drawn.

6-10-57 NMSA 1978 Cancellation of Warrants:

A. Whenever any warrant issued by the state, county, municipality, school district or special district is unpaid for one year after it becomes payable, the fiscal officer shall cancel it.

B. The fiscal officer shall keep a register of all canceled warrants. The register shall show the number, date and amount of each warrant, the name of the person in whose favor it was drawn, the fund out of which it was payable and the date of cancellation.

C. The face amount of each warrant canceled shall revert and be credited to the fund against which the warrant was drawn.

D. Warrants canceled under Subsection A of this section are void and the indebtedness evidenced thereby is extinguished, which is hereby declared to be an express condition of every contract under which state warrants are issued except that:

(1) the department of finance and administration may issue a new warrant on a voucher issued by the commissioner of revenue [director of the revenue division of the taxation and revenue department] if a claim for refund was approved under Section 7-1-26 NMSA 1978, and if a warrant was issued and that warrant canceled under Subsection A of this section on or after January 1, 1970; and

(2) any fiscal officer may issue a new warrant for a canceled payroll warrant upon a voucher issued by the responsible employing authority certifying that the services for which the canceled payroll warrant had been issued were in fact rendered and that payment therefor had not been made, if:

(a) there is sufficient money in the fund from which the original payroll warrant was drawn to cover the new warrant; or

(b) if a suspense fund has been established in accordance with the provisions of Subsection E of this section and there is sufficient money in the suspense fund to cover the new warrant.

E. If any payroll warrants payable from an account which reverts at the end of a fiscal year to a general fund is canceled, the fiscal officer shall create a suspense fund in the amount of the total canceled payroll warrants and withhold that amount from reversion. Canceled payroll warrants shall be paid from the suspense fund.

F. Each warrant issued by the state, county, municipality or school district shall have printed on its face the words, "void after one year from date."

Condition: During our review of cash we observed the following issues:

- The District had stale dated checks which had not been voided according to the above standards.
 - Checks dated as far back as September 2011 are still on the outstanding check list. The District has \$26,750.05 in stale dated checks in its payroll clearing account.
 - The District has \$22,175.63 in stale dated checks in its accounts payable clearing account.

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Section IV – 12-6-5 NMSA 1978 Findings (Continued)

NM 2018-004 [FS 2014-004] – Improper Cash Controls Outstanding Warrants (Other Non-compliance) repeated and Modified (Continued)

The District has not really made any progress in resolving this issue as the checks and amounts which are stale dated in the current year are similar to the prior year. In the prior year, the District had 139 outstanding checks written from the accounts payable clearing bank account that were over one year old, totaling \$33,540 and 135 outstanding checks written from the payroll clearing bank account that were over one year old, totaling \$23,738.

Cause: The district has not voided warrants which are more than one year old.

Effect: The District has not maintained sufficient internal controls to identify warrants more than one year old and has not followed proper guidance in the recording and voiding of outstanding warrants. This results in cash not being recorded at the proper amount.

Auditor's Recommendation: We recommend that management adequately monitor outstanding warrants and ensure that internal control procedures are in place to remove outstanding warrants from the District's assets and liabilities.

Responsible Official's Plan:

- Specific corrective action plan for finding:

Staff will be trained to review balance sheet accounts and outstanding items throughout the fiscal year. Bank reconciliation processes and end of the year procedures will be implemented. Staff will be trained and guided on the new processes.

- Timeline for completion of corrective action plan:

Reconciliation processes will be drafted for the new accountant position to take over the reconciliations and will be completed by early to mid-December. End of the year procedures will be ready by March to get staff ready for closing the fiscal year.

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

Finance Director

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Schedule X

Section IV – 12-6-5 NMSA 1978 Findings (Continued)

NM 2018-006 [2018-006] – NM PED Cash Reporting (Other Non-compliance) Repeated and Modified

Criteria: [6.20.2.14 NMAC 1978](#) CASH CONTROL STANDARDS:

J. The school district shall maintain a cash control ledger for each fund/subfund where all transactions affecting cash are recorded. Cash balances reported to the department shall be the same as the district's cash control ledger and annual audit.

K. All bank accounts shall be reconciled on a monthly basis. Reconciled bank statements are to be reviewed by the business manager and/or assistant superintendent for business administration. The bank statement, deposit slips, and canceled checks shall be made available to the district's auditor during the annual audit.

L. The school district shall submit cash reports to the department by the last working day of the month following the end of the reporting period, unless extended to a later date by the secretary of education

Condition: During our review of cash and cash reconciliation procedures, we noted the following:

- The District's general ledger did not tie to PED cash report. The PED cash report stated a cash balance of \$20,570,606 whereas the general ledger showed a balance of \$20,370,230 for a difference of \$200,376.
- 2 of the District's 6 bank accounts did not tie to the PED cash report.

The District had made no progress in resolving this finding at year-end. However, after year-end, with the help of outside consultants the District was making progress in getting cash reports submitted to PED to tie to their general ledger properly.

Cause: The District cash report does not include adjustments which were subsequently made to cash to bring it into balance with the bank statements.

Effect: The NM PED does not have an accurate accounting of the District's activity and final balances.

Auditors' Recommendations: We recommend that policies and procedures be implemented to ensure that all adjustments be completed before the final reports are submitted to the PED. Additionally, an individual should review the report to ensure that the report matches the general ledger and the cash accounts as appropriate.

Responsible Official's Plan:

- Specific corrective action plan for finding:

The District will run a cash balance report for each fund on a monthly basis. These fund balances will be compared postings in the General Ledger and errors and omissions identified and corrected prior to reporting cash balances to the PED.

Bank accounts have been consolidated to make reconciliation faster and easier. Reconciliations will be done on a monthly basis and the cash report will be completed prior to the submission deadline.

The new District Accountant will prepare these reports which will be reviewed and verified by the Director, Business and Finance. Any identified discrepancies will be researched, corrected and reposted prior to filing.

- Timeline for completion of corrective action plan:

This new process will be implemented in January upon the arrival of our new Accountant.

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

The district accountant will have primary working responsibility for creating the report, however the Director will have final responsibility for proper implementation.

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Schedule X

Section IV – 12-6-5 NMSA 1978 Findings (Continued)

NM 2019-001 – Improper Approval of Budget Adjustment (Other Non-compliance)

Criteria: [6.20.2.10 NMAC 1978](#) BUDGET MAINTENANCE STANDARDS:

A. Budget adjustment requests shall be submitted on the most current form prescribed by the department. The school district shall maintain a log of all budget adjustment requests to account for status, numerical sequence, and timely approval at each level. The log is to be retained for audit purposes.

B. School districts shall submit budget adjustment requests for the operating budget to the department for budget increases, budget decreases, transfers between functional categories, and transfers from the emergency reserve account. The department must take action on budget adjustment requests within 30 calendar days from the date of receipt by the department or such requests will otherwise be considered approved. Expenditures shall not be made by the school district until budget authority has been established and approval received from the department. **Budget adjustments shall not be incorporated into the school district's accounting system until approval is received by the department.**

Condition: During our testing of budget adjustment requests, we discovered 5 instances in which the District entered the budget adjustment into their accounting program prior to approval from the School Board and PED. In another instance a BAR was approved by the Board and the PED but was not entered into the accounting system.

Cause: The District recorded the adjustment on 7/1/18 but the Board did not approve the budget adjustments until August at the earliest and January at the latest.

Effect: The budget adjustment has not been properly authorized according to statute prior to being put into the financial system.

Auditor's Recommendation: We recommend that the District ensure that all budget adjustments are not recorded in the ledger until after approval from the Board and PED has been completed.

Responsible Official's Plan:

- Specific corrective action plan for finding:
The district will assign a staff member the task of Budget Adjustment Requests. The staff member will work closely with program directors to ensure that BARs are submitted properly and recorded timely. Training with the employee's responsible for such tasks will take place including use of OBMS to submit and track all adjustments for the district. The district will implement a process of reviewing monthly all BARs that were approved by PED and ensuring that they are then properly posted in the GL.
- Timeline for completion of corrective action plan:
The district has already begun the implementation of this process and will finalize by January 2020.
- Employee position(s) responsible for meeting the timeline
Finance Director

Section IV – 12-6-5 NMSA 1978 Findings (Continued)

NM 2019-002 – Missing Receiving Documentation (Other Non-compliance)

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

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

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

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

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

13-1-158 NMSA 1978 Payments for purchases

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

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

- In 4 of 40 items reviewed the District did not have receiving documentation.
 - The value of these purchases ranged from \$646.50 to \$13,549.43.

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

- In 1 of 35 items reviewed there was no receiving documentation.
 - The item was a construction payment in the amount of \$210,821.05 which was not signed off by the project manager before payment was made.

Cause: District personnel have not followed state guidelines or internal procedures in the payment of services. Policy clearly states that the District must have a signed purchase order in place prior to receiving goods and or services and that there is a receiving document to verify goods and services are received.

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Section IV – 12-6-5 NMSA 1978 Findings (Continued)

NM 2019-002 – Missing Receiving Documentation (Other Non-compliance) (Continued)

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

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

Responsible official's view:

- Specific corrective action plan for finding:

The district will meet with all secretarial staff; Principals etc. to review the purchasing process in detail to include the District's and State policy regarding such requirements. It will be re-emphasized the requirement of a PO in place before services are provided or purchased and that signature must be received in order for payments to be processed.

- Timeline for completion of corrective action plan:

Several meetings have already occurred regarding said finding but will continue to be a subject of topic at all monthly meetings. This finding will be shared at a meeting once the audit is finalized.

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

Finance Director

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Section IV – 12-6-5 NMSA 1978 Findings (Continued)

NM 2019-003 – Improper Reimbursement of Travel Expense (Other Non-compliance)

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

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

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

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

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

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

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

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

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

- In 9 of 16 items reviewed the District did not record actual departure and return times to verify that employees are being paid appropriate partial day per-diem rates.

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

- An employee was overpaid for mileage reimbursement. The employee was overpaid by \$54.35

Cause: The District is not maintaining records sufficient to verify the District is in compliance with the Leave and Per Diem Act.

Effect: The District may not be paying some employees the amount provided by the Travel and Per Diem Act. Employees were not reimbursed at the District and State mandated rates.

Auditor's Recommendation: We recommend that management ensure that they are reimbursing employees properly for qualified expenses and ensure that policies are consistent for all employees. This requires that all reimbursement forms have the actual departure and return times so that proper reimbursement may be calculated.

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Section IV – 12-6-5 NMSA 1978 Findings (Continued)

NM 2019-003 – Improper Reimbursement of Travel Expense (Other Non-compliance) (Continued)

Responsible Official's View:

- Specific corrective action plan for finding:

Procedures regarding travel reimbursement will be implemented and staff will be trained.

- Timeline for completion of corrective action plan:

Procedures and templates will be ready by January and training will begin in January as well.

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

Finance Director

Section IV – 12-6-5 NMSA 1978 Findings (Continued)

NM 2019-004 – Late Payment of Employer Contributions (Other Non-compliance)

Criteria: According to **2.82.9.8 NMAC 1978:**

A. Instructions for the preparation and handling of employer reports and monthly remittances by the local administrative units shall be outlined in detail once each year and electronically transmitted to each local administrative unit by the director.

B. Employer reports shall encompass all local administrative unit employees including those employees whom the local administrative unit has identified as excluded from coverage.

C. Monthly contributions from employees and local administrative units shall be electronically transmitted no later than the 15th day of the month following the month for which contributions are withheld.

(1) Employer reports and contributions shall be electronically transmitted or postmarked no later than the 15th of the following month. The director may enter into an agreement with a local administrative unit for an extension of this deadline for the employer report. No such extension is available for submission of the contributions.

(2) When the 15th of the month falls on a weekend or holiday, the report and contributions are due on the next workday.

(3) Local administrative units shall be assessed late charges for not submitting reports or contributions in accordance with the above schedule. A charge of fifty dollars (\$50) per day shall be assessed for untimely reports. Upon a written showing of good cause, the director may waive charges to the local administrative unit for untimely reports. No such waiver of charges is available for late contributions. The charges for late contributions will be calculated at a rate equal to the state treasurer's overnight investment program rate plus one percent. The rate will be applied daily and cumulatively for the period of time from the 15th to the date of postmark. The late charge shall be the greater amount calculated by applying the foregoing rate or ten dollars (\$10). The director shall report any and all such assessments and waivers to the board.

D. The director shall prepare forms for all regular reports or make available other means for such regular reports from the local administrative units as may be required in the administration of the Educational Retirement Act.

Condition: During our review of ERB contributions we noted 2 instances in which the payment was not made by the 15th of the month. In the first instance the payment was sent on the 22nd and in the second instance it was sent on the 24th.

Cause: The District has not followed state guidelines in regards to contribution timelines.

Effect: The District's late payment subjects the school to possible late fees and puts them in non-compliance with state guidelines.

Auditor's Recommendation: We recommend that the District ensure that ERB contributions are mailed prior to the 15th of the month in which the payment is due.

Responsible Official's View:

- Specific corrective action plan for finding:

The district has implemented a checklist system of all payroll liabilities including RHCA to be completed by the Payroll Specialist with specified deadlines. The Finance Director is reviewing the payments and their checklist on the Monday following the payroll to ensure that all payments are made timely and accurately.

- Timeline for completion of corrective action plan:

The district has already implemented a checklist process and review. It appears to be working but will be continually updated as needed.

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

Finance Director

Section IV – 12-6-5 NMSA 1978 Findings (Continued)

NM 2019-005 – Background Checks, Contracts, and Licensing (Other Non-compliance)

Criteria: 22-10A-5 NMSA 1978 Background checks; known convictions; alleged ethical misconduct; reporting required; limited immunity; penalty for failure to report.

C. Local school boards and regional education cooperatives shall develop policies and procedure to **require background checks on an applicant who has been offered employment, a contractor or a contractor's employee with unsupervised access to students at a public school.**

D. **An applicant for employment who has been initially licensed within twenty-four months of applying for employment with a local school board, regional education cooperative or a charter school shall not be required to submit to another background check if the department has copies of the applicant's federal bureau of investigation records on file.** An applicant who has been offered employment, a contractor or a contractor's employee with unsupervised access to students at a public school shall provide two fingerprint cards or the equivalent electronic fingerprints to the local school board, regional education cooperative or charter school to obtain the applicant's federal bureau of investigation record. The applicant, contractor or contractor's employee who has been offered employment by a regional education cooperative or at a public school may be required to pay for the cost of obtaining a background check. **At the request of a local school board, regional education cooperative or charter school, the department is authorized to release copies of federal bureau of investigation records that are on file with the department and that are not more than twenty-four months old.** Convictions of felonies or misdemeanors contained in the federal bureau of investigation record shall be used in accordance with the Criminal Offender Employment Act; provided that other information contained in the federal bureau of investigation record, if supported by independent evidence, may form the basis for the employment decisions for good and just cause. Records and related information shall be privileged and shall not be disclosed to a person not directly involved in the employment decision affecting the specific applicant who has been offered employment, contractor or contractor's employee with unsupervised access to students at a public school.

22-10A-3 NMSA 1978 states:

A. Except as otherwise provided in this subsection, any person teaching, supervising an instructional program or providing instructional support services in a public school or state agency; any person administering in a public school; and any person providing health care and administering medications or performing medical procedures in a public school shall hold a valid license or certificate from the department authorizing the person to perform that function. This subsection does not apply to a person performing the functions of a practice teacher as defined by the state board [department].

C. A person performing the duties of a licensed school employee who does not hold a valid license or certificate or has not submitted a complete application for licensure or certification within the first three months from beginning employment duties shall not be compensated thereafter for services rendered until he demonstrates that he holds a valid license or certificate. This section does not apply to practice teachers as defined by rules of the state board [department].

22-10A-21 Licensed School Employees; Employment Contracts; Duration:

A. **All employment contracts between superintendents and licensed school employees shall be in writing on forms approved by the department. These forms shall contain and specify the term of service, the salary to be paid, the method of payment, the causes for discharge during the term of the contract and other provisions required by the rules of the department.**

B. All employment contracts between superintendents and licensed school employees shall be for a period of one school year except:

1. contracts for less than one school year are permitted to fill personnel vacancies that occur during the school year;
2. contracts for the remainder of a school year are permitted to staff programs when the availability of funds for the programs is not known until after the beginning of the school year;
3. contracts for less than one school year are permitted to staff summer school programs and to staff federally funded programs in which the federally approved programs are specified to be conducted for less than one school year;
4. contracts not to exceed three years are allowed at the discretion of the governing authority for superintendents; and
5. contracts not to exceed three years are allowed at the discretion of the governing authority for licensed school employees in public schools who have been employed for three consecutive school years.

Section IV – 12-6-5 NMSA 1978 Findings (Continued)

NM 2019-005 – Background Checks, Contracts, and Licensing (Other Non-compliance) (Continue)

C. Persons employed under contracts for periods of less than one school year as provided in Paragraphs (1) and (2) of Subsection B of this section shall be accorded all the duties, rights and privileges of the School Personnel Act.

Condition: During our review of personnel files we noted several instances where required documentation was not found in the employees personnel file.

- In 1 of the 40 files reviewed the District did not have a copy of the employee’s contract in the file.
- In 22 of 40 files reviewed the District did not have a valid Federal Bureau of Investigations background check on file.

Cause: The District has not followed state guidelines in regards to documentation of background checks and contracts.

Effect: The District’s failure to maintain a background check reports and contracts in the employee file is a violation of state statute and puts the District at additional risk of liability for any actions that may arise regarding employees.

Auditor’s Recommendation: We recommend that the District adhere to State policy regarding FBI background checks and ensure they are properly maintained within the employee personnel files and all contracts are on file.

Responsible Official’s View:

- Specific corrective action plan for finding:
 - ✓ **Implement a process so every new EE is fingerprinted post-offer and prior to placement.**
 - ✓ **Review all existing files to ensure no EE is missed.**
 - ✓ **A Background Check for all existing EEs will be done.**
 - ✓ **A new Work Flow/Checklist will be established in iVisions that requires steps to be taken before new hires can proceed to final approval.**
- Timeline for completion of corrective action plan:
 - **Review and signing of the reports begins immediately**
 - **Implementation of iVisions has already begun and final implementation (with new workflows & approval process) will be in January, 2020**
- Employee position(s) responsible for meeting the timeline

The District HR Director has primary responsibility and the Director, Finance will run periodic reviews to ensure compliance.

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

Section IV – 12-6-5 NMSA 1978 Findings (Continued)

NM 2019-006 – I-9 Documentation (Other Non-compliance)

Criteria: 6.20.2.18 NMAC 1978 PAYROLL:

The local board shall establish written payroll policies and procedures which comply with state and federal regulations on payroll as well as maintaining strict internal controls, close supervision and financial accounting in accordance with GAAP. **School districts shall maintain and have available for inspection the following employee record documentation: employment contracts (including increments), personnel/payroll action forms, certification records, employment eligibility verification (federal form I-9 for citizenship certification),** federal and state withholding allowance certificates, pay deduction authorizations, pay or position change notices, Educational Retirement Act plan application, and direct deposit authorizations.

IMMIGRATION REFORM AND CONTROL ACT OF 1986:

Form I-9 is used for verifying the identity and employment authorization of individuals hired for employment in the United States. **All U.S. employers must ensure proper completion of Form I-9 for each individual they hire for employment in the United States.** This includes citizens and noncitizens. Both employees and employers (or authorized representatives of the employer) must complete the form. On the form, an employee must attest to his or her employment authorization. **The employee must also present his or her employer with acceptable documents evidencing identity and employment authorization. The employer must examine the employment eligibility and identity document(s) an employee presents to determine whether the document(s) reasonably appear to be genuine and to relate to the employee and record the document information on the Form I-9. Employers must retain Form I-9 for a designated period and make it available for inspection by authorized government officers.** NOTE: State agencies may use Form I-9.

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

- In 1 of 40 personnel files reviewed the employee did not sign and date the I-9 form.
- In 2 of 40 personnel files reviewed the employee section had not been filled out at the time of the audit.
- In 3 of 40 personnel files reviewed there was no I-9 in the file.

Cause: District, State, and Federal policies are not being followed or reviewed to ensure proper execution.

Effect: The District is in violation of NMAC 6.20.2.18 and the Immigration Reform and Control Act of 1986.

Auditor's Recommendation: We recommend that the District follow the corrective action plan set forth in the Immigration Reform and control Act of 1986 and request that the employee complete section 1 of the Form I-9 immediately and submit documentation as required in Section 2. The new form should be dated when completed- never postdated. When an employee does not provide acceptable documentation, the employer must terminate employment or risk being subject to penalties for “knowingly” continuing to employ an unauthorized worker if the individual is not in fact authorized to work.

Responsible Official's Plan:

- Specific corrective action plan for finding:
 - ✓ **HR will perform a comprehensive review of all EE files to ensure all forms are completely signed.**
 - ✓ **HR will identify other missing pieces of documentation.**
 - ✓ **A new onboarding workflow will be established in iVisions so the completion of the hiring process cannot be executed until all steps have been concluded.**
- Timeline for completion of corrective action plan:
 - **The iVisions Implementation Team is currently working on the approval workflows.**
 - **Full implementation will be completed by January, 2020.**
- Employee position(s) responsible for meeting the timeline:
Finance Director

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Section IV – 12-6-5 NMSA 1978 Findings (Continued)

NM 2019-007 – Improper Usage of Credit Cards (Other Non-compliance)

Criteria: Laws of 2019, Regular Session, Chapter 28, Section 3, Subsection J states, “Except for gasoline credit cards used solely for operation of official vehicles, telephone credit cards used solely for official business and procurement cards used as authorized by Section 6-5-9(l) NMSA 1978, none of the appropriations contained in the General Appropriations Act of 2019 may be expended for the payment of agency-issued credit card invoices.”

Condition: During our review of disbursement compliance we noted that the District has a credit card issued by Grants State Bank which is contrary to state law.

Cause: The District had originally been unaware that they were not allowed to use a bank issued credit card for purchases when those funds are paid with State appropriations. The District has since closed the account.

Effect: The District is in violation of State statute regarding the use of a bank issued credit card.

Auditor’s Recommendation: The District should only utilize procurement cards authorized by Section 6-5-9(l) NMSA 1978. The District should complete the process it has initiated in obtaining a state authorized procurement card and replace its card with that approved purchasing card.

Responsible Official’s Plan:

- Specific corrective action plan for finding:

The District has already closed the card in question and is almost finished with the process for setting up procurement cards.

- Timeline for completion of corrective action plan:

Procurement Cards should be in place in district by December or January 2020.

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

Finance Director

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

Section IV – 12-6-5 NMSA 1978 Findings (Continued)

NM 2019-008 – Late Filing of Audit Report (Other Non-compliance)

Criteria: Section 2.2.2.9 A.(1)(d) REPORT DUE DATES:

A. Report due dates: The IPA shall deliver the organized and bound annual financial audit report to the state auditor by 5:00 p.m. on the date specified in the audit contract or send it postmarked by the due date. IPAs and agencies are encouraged to perform interim work as necessary and appropriate to meet the following due dates.

(1) The audit report due dates are as follows:

(d) school districts and the state of New Mexico component appropriation funds (state general fund):
November 15;

Condition: The District did not issue its FY 2018-2019 audit report by November 15, 2019 as required by the Office of the State Auditor.

Cause: The District had been operating without a finance director over the last four months of the year and was only able to fill that position in July 2019. Additionally, while the District did have a finance director, previous to that point, it was significantly behind in reconciling their bank statements. While the District brought in outside consultants to help with this process, it has taken into November to complete this process and then the books and bank statements were still off by approximately \$40,000 with the bank showing more than the books.

Additionally, no one had been assigned responsibility for maintaining and tracking fixed assets. With help of the consultants, this was finally completed in early December after identifying many issues with prior asset listings and additions which resulted in a prior period adjustment of \$8,490,056.

Finally, there are issues with the prior audit report that has caused difficulties in getting funds to walk and to provide accurate statements in a couple of areas where we were still attempting to identify accurate journal entries which can be recorded properly. For example:

- Property tax revenues, property tax receivables, and deferred inflows of property taxes were recorded to fund 31700 instead of fund 31701 and we received no response from the prior auditor's regarding our request related to these amounts. This has caused work to identify what actual amount needs to be included in a prior period adjustment.
- An accounts payable amount of \$1,402,256 shows being owed by fund 31700 but we could find no support for such a liability and we received no response from the prior auditor's related to this item. A prior period adjustment was made for this amount.
- Unearned revenue of \$8,649 was recorded to fund 27195 but it has no cash in the fund either, so there is no logical reason for an unearned amount in the fund.
- Receivable amounts had been recorded in the previous audit which had no support in eight separate funds which resulted in a prior period adjustment in the amount of \$121,976.
- Additional items were identified that resulted in other prior period adjustments.

The District and the auditor wanted to get the financials as clean as possible in the current year and with all these issues the report could not be accurately completed by the due date.

Effect: The audit was not complete by the November 15, 2019 due date.

Auditor's Recommendation: We recommend that the District establish greater controls over cash, fixed assets, and other business office functions so that reconciliations are done timely, and fixed assets are collected, recorded and maintained properly. We recommend that the District establish timelines to complete functions related to the audit shortly after year-end so that the audit may proceed in a more timely and accurate fashion.

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

Section IV – 12-6-5 NMSA 1978 Findings (Continued)

NM 2019-008 – Late Filing of Audit Report (Other Non-compliance) (Continued)

Responsible Official's Plan:

- Specific corrective action plan for finding:

Staff vacancies within the business office have been filled; an accountant is being hired to assist with the day to day responsibilities and ensuring the reconciliations are done timely and the General Ledger is maintained. The consultants along with the Finance Director are revamping many of the processes within the business office to ensure efficient and timely reporting.

- Timeline for completion of corrective action plan:

The accountant position has been filled and they will start mid-January. Processes and procedures are already being worked on and are being implemented with procedures fully in place in time to close year end in a timely fashion.

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

Finance Director

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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Schedule X

Section V – Prior Year Audit Finding

Financial Statement Findings

- 2018-001– Cash Appropriations in Excess of Available Cash Balances – Repeated and Modified (Numbered as NM 2018-001)
- 2018-002 – Activity Funds – Internal Control – Resolved
- 2018-003 – Actual Expenditures Exceed Adjusted Budgeted Expenditures – Repeated and Modified (Numbered as NM 2018-003)
- 2018-004 [FS 2014-004] – Stale Dated Checks – Repeated and Modified – (Numbered NM 2018-004)
- 2018-005 – Bank Reconciliations – Repeated and Modified – (Numbered FS 2018-005)
- 2018-006 – NMPED Cash Reporting – Repeated and Modified (Renumbered 2018-006)
- 2018-007 – Deficiencies in Accounting for Capital Assets – Repeated and Modified (Renumbered at FS 2018-007)

Federal Awards Findings

- 2018-008 Employee Time and Effort Documentation – Repeated and Modified (Renumbered FA 2018-008)

12-6-5 NMSA Findings

None Identified

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UNAUDITED SUPPLEMENTAL INFORMATION

December, 2019

Our responses and corrective action plans for addressing findings from 2017, 2018 and 2019 financial audit are attached below.

C. Steven Maldonado



Chief Financial Officer and Director of Finance

Corrective Measures To Address Audit Findings From 2017

December, 2019

Grants-Cibola County School District

#	Finding Code	Finding	Description	Corrective Action
2017 Financial Audit Findings				
1	FS2009-003	Cash Appropriations in Excess of Available Cash Balance	<p>Condition: The District's re-budgeted cash balances in excess of available cash balances in the following funds:</p> <p>Major Funds Debt Service Fund \$1,169,068 Total Major Funds \$ 1,169,068</p> <p>Nonmajor Funds Kindergarten-Three Plus Special Revenue Fund \$ 390,167</p> <p>Public School Capital Outlay Fund 6 Education Technology Equipment Act Fund \$43,274 Total Nonmajor Funds \$ 433,447 Total all funds \$ 1,602,515</p>	<p>Corrective Actions</p> <ul style="list-style-type: none"> ✓ Cash balances from SYE 2018 will be validated once the bank reconciliations are completed ✓ Fund balances will be reported to the appropriate program manager on a monthly basis ✓ A new procurement process will be established that will require the approver to review the current fund balance prior to approving the purchase request ✓ The district will establish an approval workflow that requires program managers to review each requested distribution, rather than a district director making the sole approval ✓ A new electronic dashboard will be provided to each program manager so they can review up to the minute cash balances in their respective funds ✓ The Finance Director will have final approval of all expenditures and ensure the approval process was followed <p>Timeline:</p> <ul style="list-style-type: none"> ✓ The electronic fund reporting begins in January, 2020 ✓ The electronic workflow also begins in January, 2020

#	Finding Code	Finding	Description	Corrective Action
2017 Financial Audit Findings				
				<ul style="list-style-type: none"> ✓ An implementation team composed of program representatives is developing the workflow process which will be implemented January 2020 <p>Responsible Party: The Finance Director is responsible for implementing this process</p>
2	FS2011-002	Activity Funds – Internal Control	<p>Condition: During our audit procedures over activity funds of the District, we noted that there was a lack of segregation of duties over the cash receipts process.</p> <p>As this has been a finding since fiscal year 2011, the District has not made progress in implementing controls over activity funds due to small staff sizes at decentralized school locations.</p>	<p>Corrective Actions</p> <ul style="list-style-type: none"> ✓ Several retraining sessions with site clerical staff have already occurred ✓ New, written procedures have been disseminated to all site clerical staff and reviewed ✓ A new cash deposit process will soon be implemented. This deposit process is designed to document a “double-counting” process where no cash is ever handled solely by one person. ✓ A new custody and control documentation process has been established so that cash is never counted or handled by one person alone. ✓ A new lock-bag depositing process is being established so that tighter controls are in place to safeguard cash deposits <p>Timeline:</p> <ul style="list-style-type: none"> ✓ The training has occurred and will continue to be emphasized every two

#	Finding Code	Finding	Description	Corrective Action
2017 Financial Audit Findings				
				<p>months during regularly-scheduled training sessions with site personnel</p> <ul style="list-style-type: none"> ✓ The locking bank bag custody and control process will begin January, 2020 <p>Responsible Person: The Finance Director is responsible for implementing this corrective action.</p>
3	FS2014-001	Actual Expenditures Exceed Adjusted Budgeted Expenditures	<p>Condition: The District has overspent in the following funds:</p> <p>Major Funds Operational Fund Personnel \$ 201,442 Central Services 42,227 School Nutrition Warehouse 21,146 Staff 10,822 Superintendent Office 236,451 Nursing 14,108 Technology 302,010 Technology Admin 107,381 Testing 94,166 Teachergage Fund Operation And Maintenance Of Plant 1,518 Debt Service Fund Support Services-General Administration 15,660</p> <p>Total Major Funds \$ 1,046,931</p> <p>Non-Major Funds Title I - IASA Special Revenue Fund Federal Programs 108,605 Technology 9,657 Testing 8,261</p>	<p>Corrective Actions</p> <ul style="list-style-type: none"> ✓ Budget variance reports will be developed each month ✓ These variance reports will be reviewed by each program manager each month ✓ Accountant and Finance Manager, in concurrence with program manager, will review budgets each month and make adjustments as necessary ✓ Upon implementation of iVisions, the program manager will be involved in the expenditure approval work flow and will receive information for approval prior to any expenditure ✓ Accounts will be reconciled monthly <p>Timeline:</p> <ul style="list-style-type: none"> ✓ The electronic fund reporting begins in January, 2020 ✓ The electronic workflow also begins in January, 2020

#	Finding Code	Finding	Description	Corrective Action
2017 Financial Audit Findings				
			<p>New Instructional Support Special Revenue Fund Student Transportation \$ 415</p> <p>Indian Ed- Title VII Special Revenue Fund Support Services-General Administration 362</p> <p>New Mexico Autism Project Special Revenue Fund Support Services-General Administration 77</p> <p>Title XIX Medicaid 3/21 Years Special Revenue Fund Support Services-General Administration 54,687</p> <p>Support Services-Students 82,977</p> <p>Gear Up NM State Initiatives Special Revenue Fund Instruction 7,212</p> <p>Indian Education Act Special Revenue Fund Support Services-General Administration 125</p> <p>Ed Tech Debt Service Fund Support Services-General Administration 3,142</p> <p>Total Nonmajor Funds \$ 275,520</p> <p>Total All Funds \$ 1,322,451</p>	<p>✓ An implementation team composed of program representatives is developing the workflow process which will be implemented January 2020</p> <p>Responsible Person: The Finance Director is responsible for implementing this process</p>
4	2014-003	Internal Controls Over Bank Reconciliations	<p>Condition: During testwork over cash, we noted that all the bank account reconciliations were not prepared and reviewed in a timely manner.</p> <p>The District did not make any progress in resolving this finding.</p>	<p>Corrective Actions</p> <ul style="list-style-type: none"> ✓ Bank accounts have been consolidated, reducing the opportunity for error ✓ Bank reconciliations will be caught up by November, 2019 ✓ Bank reconciliations will be completed monthly

#	Finding Code	Finding	Description	Corrective Action
2017 Financial Audit Findings				
				<ul style="list-style-type: none"> ✓ Bank reconciliations and reconciliation reports will be archived for easy retrieval ✓ Bank reconciliations will be reviewed by a second party to assure compliance and accuracy ✓ A process will be developed to notify payees of stale-dated checks and to resolve issues <p>Timeline:</p> <ul style="list-style-type: none"> ✓ Reconciliations have been brought up to date through October, 2019 ✓ New monthly process for reconciliation is in place <p>Responsible Person: The Finance Director is responsible for implementing this correction action.</p>
5	FS2014-004	Stale Dated Checks	<p>Condition: The District had 117 outstanding checks written from accounts payable clearing bank accounts that were over one year old, totaling \$25,320 and 120 outstanding checks written from payroll clearing bank accounts that were over one year old, totaling \$20,464.</p> <p>The District has not reported the payees or turned over the funds to the Unclaimed Property Division of the</p>	<p>Corrective Actions</p> <ul style="list-style-type: none"> ✓ Bank reconciliations will be caught up by November, 2019 ✓ Bank reconciliations will be completed monthly ✓ Bank reconciliations will be reviewed by a second party to assure compliance and accuracy ✓ A process will be developed to notify payees of stale-dated checks and to resolve issues

#	Finding Code	Finding	Description	Corrective Action
2017 Financial Audit Findings				
			<p>New Mexico Taxation and Revenue Department.</p> <p>The District did not make progress on this finding. Both the number and total dollar amount of stale dated checks has increased over the prior year.</p>	<p>Timeline:</p> <ul style="list-style-type: none"> ✓ Monthly bank reconciliations have been caught up and monthly reconciliations will occur immediately ✓ Identification of stale-dated checks will begin February, 2020 and voiding of such checks will occur immediately. ✓ Funds will be remitted to T&R department by the end of February, 2020 <p>Responsible Person: The Finance Director is responsible for correcting this finding</p>
6	FS2017-001	Bank Reconciliation	<p>Condition: During our audit procedures relating to cash and bank reconciliation, we noted that the following accounts have not been reconciled to the general ledger, and resulted in a difference of \$298,769:</p> <p>Bank Name Account Description Difference between Reconciled Balance & Trial Balance Grants State Bank Accounts Payable Clearing Account \$ 73,657 Wells Fargo Activity Account (13,134) Wells Fargo Payroll Account 767,757 Grants State Bank General Operations Account (1,127,049)</p> <p>Total \$ (298,769)</p>	<p>Corrective Actions</p> <ul style="list-style-type: none"> ✓ Bank accounts have been consolidated, reducing the opportunity for error ✓ Bank reconciliations will be caught up by November, 2019 ✓ Bank reconciliations will be completed monthly ✓ Bank reconciliations and reconciliation reports will be archived for easy retrieval ✓ Bank reconciliations will be reviewed by a second party to assure compliance and accuracy

#	Finding Code	Finding	Description	Corrective Action
2017 Financial Audit Findings				
				<ul style="list-style-type: none"> ✓ A process will be developed to notify payees of stale-dated checks and to resolve issues <p>Timeline:</p> <ul style="list-style-type: none"> ✓ Reconciliations have been brought up to date through October, 2019 ✓ New monthly process for reconciliation is in place <p>Responsible Person: The Finance Director is responsible for implementing this correction action.</p>

Corrective Measures To Address Audit Findings From 2018

December, 2019

Grants-Cibola County School District

#	Finding Code	Finding	Description	Corrective Action
2018 Financial Audit Findings				
1	NM2018-001	Cash Appropriations in Excess of Available Cash Balance	Condition: The District re-budgeted cash balances in excess of available cash balances in the following funds: Governmental Funds Amounts Non Instructional Support \$ 34,753 Impact Aid Special Education 678,783 Title XIX Medicaid 3/21 Years 64,859 GEAR UP NM State Initiatives 148,215 Kindergarten- Three Plus 243,817 BOND BUILDING 246,581 Debt Service Fund 655,480 Ed Tech Debt Service 52,067 Total all funds \$ 2,124,555	<p>Corrective Actions</p> <ul style="list-style-type: none"> ✓ Cash balances from SYE 2018 will be validated once the bank reconciliations are completed ✓ Fund balances will be reported to the appropriate program manager on a monthly basis ✓ A new procurement process will be established that will require the approver to review the current fund balance prior to approving the purchase request ✓ The district will establish an approval workflow that requires program managers to review each requested distribution, rather than a district director making the sole approval ✓ A new electronic dashboard will be provided to each program manager so they can review up to the minute cash balances in their respective funds ✓ The Finance Director will have final approval of all expenditures and ensure the approval process was followed <p>Timeline:</p> <ul style="list-style-type: none"> ✓ The electronic fund reporting begins in January, 2020 ✓ The electronic workflow also begins in January, 2020 ✓ An implementation team composed of program representatives is developing the

#	Finding Code	Finding	Description	Corrective Action
2018 Financial Audit Findings				
				<p>workflow process which will be implemented January 2020</p> <p>Responsible Party: The Finance Director is responsible for implementing this process</p>
2	NM2018-002	Activity Funds – Internal Control	<p>Condition: During our audit procedures over activity funds of the District, we noted that there was a lack of segregation of duties over the cash receipts process.</p> <p>As this has been a finding since fiscal year 2011, the District has not made progress in implementing controls over activity funds due to small staff sizes at decentralized school locations.</p>	<p>Corrective Actions <i>Similar to 2018-001 above</i></p> <ul style="list-style-type: none"> ✓ Several retraining sessions with site clerical staff have already occurred ✓ New, written procedures have been disseminated to all site clerical staff and reviewed ✓ A new cash deposit process will soon be implemented. This deposit process is designed to document a “double-counting” process where no cash is ever handled solely by one person. ✓ A new custody and control documentation process has been established so that cash is never counted or handled by one person alone. ✓ A new lock-bag depositing process is being established so that tighter controls are in place to safeguard cash deposits <p>Timeline:</p> <ul style="list-style-type: none"> ✓ The training has occurred and will continue to be emphasized every two months during regularly-scheduled training sessions with site personnel

#	Finding Code	Finding	Description	Corrective Action
2018 Financial Audit Findings				
				<ul style="list-style-type: none"> ✓ The locking bank bag custody and control process will begin January, 2020 <p>Responsible Person: The Finance Director is responsible for implementing this corrective action.</p>
3	NM2018-003	Actual Expenditures Exceed Adjusted Budgeted Expenditures	<p>Condition: The District has overspent its budget in the following funds and functions:</p> <p>Pupil Transportation Fund Students Transportation 179 Title VII Indian Ed FY 17-18 Fund Instructions 4,273 Title XIX Medicaid 3/21 Years Fund Support services - General administration 59 Ed Tech Debt Service Fund Support Services-General Administration 425</p> <p>Total All Funds \$ 4,936</p>	<p>Corrective Actions</p> <ul style="list-style-type: none"> ✓ Budget variance reports will be developed each month ✓ These variance reports will be reviewed by each program manager each month ✓ Accountant and Finance Manager, in concurrence with program manager, will review budgets each month and make adjustments as necessary ✓ Upon implementation of iVisions, the program manager will be involved in the expenditure approval work flow and will receive information for approval prior to any expenditure ✓ Accounts will be reconciled monthly <p>Timeline:</p> <ul style="list-style-type: none"> ✓ The electronic fund reporting begins in January, 2020 ✓ The electronic workflow also begins in January, 2020 ✓ An implementation team composed of program representatives is developing the workflow process which will be implemented January 2020

#	Finding Code	Finding	Description	Corrective Action
2018 Financial Audit Findings				
				<p>Responsible Person: The Finance Director is responsible for implementing this process</p>
4	NM2018-004	Stale Dated Checks	The District has not voided warrants which are more than one year old	<p>Corrective Actions</p> <ul style="list-style-type: none"> ✓ Bank reconciliations will be caught up by November, 2019 ✓ Bank reconciliations will be completed monthly ✓ Bank reconciliations will be reviewed by a second party to assure compliance and accuracy ✓ A process will be developed to notify payees of stale-dated checks and to resolve issues <p>Timeline:</p> <ul style="list-style-type: none"> ✓ Monthly bank reconciliations have been caught up and monthly reconciliations will occur immediately ✓ Identification of stale-dated checks will begin February, 2020 and voiding of such checks will occur immediately. ✓ Funds will be remitted to T&R department by the end of February, 2020 <p>Responsible Person: The Finance Director is responsible for correcting this finding</p>
5	NM2018-005	Bank Reconciliation	Condition: During our audit procedures relating to cash and	Corrective Actions

#	Finding Code	Finding	Description	Corrective Action
2018 Financial Audit Findings				
			bank reconciliation, we noted that the following accounts have not been reconciled to the general ledger, and resulted in a difference of \$63,764:	<ul style="list-style-type: none"> ✓ Bank accounts have been consolidated, reducing the opportunity for error ✓ Bank reconciliations will be caught up by November, 2019 ✓ Bank reconciliations will be completed monthly ✓ Bank reconciliations and reconciliation reports will be archived for easy retrieval ✓ Bank reconciliations will be reviewed by a second party to assure compliance and accuracy ✓ A process will be developed to notify payees of stale-dated checks and to resolve issues <p>Timeline:</p> <ul style="list-style-type: none"> ✓ Reconciliations have been brought up to date through October, 2019 ✓ New monthly process for reconciliation is in place <p>Responsible Person: The Finance Director is responsible for implementing this correction action.</p>
6	NM2018-006	NM PED Cash Reporting	<ul style="list-style-type: none"> ● Condition: We noted the NMPED Cash Report for 11000, 13000, 21000, 22000, 23000, 24000, 25000, 27000, 28000, 31700, 31701, 31900, 41000 and 43000 Fund did not agree 	<p>Corrective Actions</p> <ul style="list-style-type: none"> ✓ Empty fund accounts will be archived ✓ Monthly cash reports by fund will be updated and reported to the

#	Finding Code	Finding	Description	Corrective Action
2018 Financial Audit Findings				
			to the general ledger balance, we noted a net difference of \$12,661.	<p>Superintendent and Board on a monthly basis</p> <ul style="list-style-type: none"> ✓ Monthly cash reports will be reviewed by the Accountant and Finance Director to ensure accuracy ✓ Monthly cash reports will be compared to general ledger and variances reported and corrected immediately ✓ Monthly cash reports will be rolled up into a quarterly report to NMPED <p>Timeline:</p> <ul style="list-style-type: none"> ✓ New accountant role starts in January, 2020 ✓ By March, 2020 all PED reports will be completed monthly and reported quarterly <p>Responsible Person: The Finance Director is responsible for correcting this finding</p>
7	NM2018-007	Deficiencies In Accounting For Capital Assets	Condition: The District could not provide a complete Capital Assets Listing and Depreciation Schedule for the fiscal year ending June 30, 2018. Prior year disposition of assets were not properly accounted for in the District's records which required a prior period adjustment.	<p>Corrective Actions</p> <ul style="list-style-type: none"> ✓ A Business Office employee has been dedicated to recording and maintaining the Fixed Asset database in the Visions Accounting system ✓ A procedure for identifying qualified fixed assets will be developed ✓ The current database of fixed assets in the Fixed Asset module of Visions will be updated

#	Finding Code	Finding	Description	Corrective Action
2018 Financial Audit Findings				
				<ul style="list-style-type: none"> ✓ The Accountant and Finance Director will implement and update a Depreciation Schedule for all fixed assets ✓ The new electronic scanning and inventory tagging system already purchased by the District will be implemented <p>Timeline:</p> <ul style="list-style-type: none"> ✓ A work plan will be developed by February, 2020 ✓ The existing Fixed Asset module in Visions will be reviewed and updated by the Accountant and Finance Director by January, 2020 ✓ A new procedure for managing and reporting fixed assets will be developed by February, 2020 ✓ Updating of current Fixed Assets will be completed by June, 2020 <p>Responsible Person: The Finance Director is responsible for correcting this finding</p>
8	NM2018-008	Employee Time And Effort Documentation	Condition: During our review of employee time and effort documentation, we noted that for two employees time and effort documentation were not completed for a few months	<p>Corrective Actions</p> <ul style="list-style-type: none"> ✓ Title I and other Federal Program work by EEs is now recording EE time and effort ✓ In August, 2019 the District implemented a written time and attendance sheet for all hourly EEs, though this process has not been completely and successfully implemented, due to union objections

#	Finding Code	Finding	Description	Corrective Action
2018 Financial Audit Findings				
				<ul style="list-style-type: none"> ✓ An automated time and attendance system is scheduled to be online by February, 2020 which will require EEs to record all time worked in each program ✓ A new approval workflow will be established in the automated time and attendance system that will require program managers to approve time prior to payroll ✓ The Finance Director is responsible for making this correction <p>Timeline:</p> <ul style="list-style-type: none"> ✓ Training on how to accurately record time and attendance has taken place for all program managers and site administrators ✓ We anticipate modified implementation by February, 2020 and full implementation by June, 2020 ✓ Until the automated time and attendance can be implemented, the District will continue with paper time sheets <p>Responsible Person: The Finance Director is responsible for correcting this finding</p>

Corrective Measures To Address Audit Findings From 2019

December 2019

Grants-Cibola County School District

#	Finding Code	Finding	Description	Corrective Action
2019 Financial Audit Findings				
1	FA2018-008	Employee Time and Effort Documentation	<p>The District does not have a system of internal control to accurately track personnel costs.</p> <ul style="list-style-type: none"> EEs who are assigned to one cost program are not accurately documenting time and effort EEs whose time is split among multiple cost programs are not accurately documenting time and effort Program directors cannot certify that employees working in their program were not used at times performing duties at school sites, which would not be allowable duties under their assigned programs During the prior year the District had not been maintaining time and effort recording in its Title I program, though review of Title I for the current year demonstrates this finding has been corrected 	<p>Corrective Actions:</p> <ul style="list-style-type: none"> ✓ Title I and other Federal Program work by EEs is now recording EE time and effort ✓ In August, 2019 the District implemented a written time and attendance sheet for all hourly EEs, though this process has not been completely and successfully implemented, due to union objections ✓ An automated time and attendance system is scheduled to be online by February, 2020 which will require EEs to record all time worked in each program ✓ A new approval workflow will be established in the automated time and attendance system that will require program managers to approve time prior to payroll ✓ The Finance Director is responsible for making this correction <p>Timeline:</p> <ul style="list-style-type: none"> ✓ Training on how to accurately record time and attendance has taken place for all program managers and site administrators ✓ We anticipate modified implementation by February, 2020 and full implementation by June, 2020

#	Finding Code	Finding	Description	Corrective Action
2019 Financial Audit Findings				
				<p>✓ Until the automated time and attendance can be implemented, the District will continue with paper time sheets</p> <p>Responsible Person: The Finance Director is responsible for correcting this finding.</p>
2	FA2019-001	System of Internal Control	<p>Testing of single audit requirements revealed that a complete internal structure has not been developed and implemented by the District.</p> <p>The District has not implemented internal control structures throughout its Federal programs which comply with established requirements.</p> <p>While many controls exist, a complete and integrated control structure has not been established throughout the District.</p> <ul style="list-style-type: none"> ● Personnel assigned to the respective programs are not reviewed and signed off by the program managers prior to payroll being distributed ● Not all purchases made by the programs are approved by the 	<p>Corrective Actions:</p> <p>✓ The iVisions Implementation Team is already working on the workflow approval process for all State, Federal and special programs that will establish the following:</p> <ul style="list-style-type: none"> ○ Electronic Personnel Action Requests (ePARS) that require program manager review and approval in the workflow ○ A procurement process (Purchase Requests, Purchase Order execution after issuance, and invoice review) workflow process is being established. This workflow will require program manager review and approval before the item can be executed or paid ○ EE expense reimbursement processes will be included in the electronic workflow. This workflow will require program manager review and approval before expenses can be reimbursed.

#	Finding Code	Finding	Description	Corrective Action
2019 Financial Audit Findings				
			<p>program director prior to purchase</p> <ul style="list-style-type: none"> ● Indirect costs charged to the Indian Ed Formula Grant for the year exceeded allowable amounts by \$150.65 ● Travel was reimbursed in excess of allowable costs ● Draw-down of grant funds in the Indian Ed Formula Grant exceeded expenditures at the time of draw-down ● No control mechanism exists to verify that all personnel costs are properly tracked and recorded in the proper program 	<p>Timeline:</p> <ul style="list-style-type: none"> ✓ The iVisions Implementation Team is currently working on the approval workflows ✓ Full implementation of the ePARS and Procurement system will be completed in January, 2020 ✓ Training will begin in December, 2019 and conclude in January, 2020 <p>Responsible Person: The Finance Director is responsible for correcting this finding.</p>
3	FA2019-002	Improper Cost Allocation	<p>The District paid an EE out of Indian Ed Formula Grant funds (25115) when the EE should have been paid out of Impact Aid Indian Education (25147).</p> <p>The EE was involved in the program in prior years, but was not in the 2018/2019 school year. The costs were removed from the program, but the proper internal control procedures were not in place to identify this EE prior to payment from a program in which the EE no longer worked.</p>	<p>Corrective Actions:</p> <ul style="list-style-type: none"> ✓ Program managers will be required to be integrated into the ePARS approval workflow process ✓ Program managers will have monthly budget reviews in iVisions ✓ Program managers will have monthly personnel cost reports in iVisions <p>Timeline:</p> <ul style="list-style-type: none"> ✓ The iVisions Implementation Team is currently working on the approval workflows

#	Finding Code	Finding	Description	Corrective Action
2019 Financial Audit Findings				
				<ul style="list-style-type: none"> ✓ Full implementation of the ePARS and Procurement system will be completed in January, 2020 ✓ Training will begin in December, 2019 and conclude in January, 2020 <p>Responsible Person: The Finance Director is responsible for correcting this finding.</p>
4	FA2019-003	Improper Reimbursement Request	<p>On May 9, 2019 the District requested a draw-down of \$96,458.16 but only had supporting expenditures of \$5,900.24 and did not expend the remaining funds in a minimal time after receiving those funds.</p> <p>The District expended all of the funds prior to June 30, 2019, but had excess funds after the May request.</p> <p>The District assumed that they would expend the funds before the end of the year, but because of a shortage of personnel and expected time constraints, the entire remaining balance was requested in May, placing Federal funds in jeopardy.</p>	<p>Corrective Actions:</p> <ul style="list-style-type: none"> ✓ Upon completion of the Fund budget, an expenditure work plan and timeline will be developed ✓ The program manager will be directly involved in the workflow approval process ✓ A monthly variance report will be processed for and reviewed by the program manager <p>Timeline:</p> <ul style="list-style-type: none"> ✓ The iVisions Implementation Team is currently working on the approval workflows ✓ Full implementation of the Procurement system will be completed in January, 2020 ✓ Training will begin in December, 2019 and conclude in January, 2020 <p>Responsible Person: The Finance Director is responsible for correcting this finding.</p>

#	Finding Code	Finding	Description	Corrective Action
2019 Financial Audit Findings				
5	FS2018-005	Internal Controls Over District Cash and Bank Reconciliations	<p>The District has not placed a priority in the past year on making sure that all cash accounts are reconciled timely and that they are reviewed by a second individual.</p> <ul style="list-style-type: none"> ● The District is not completing timely bank reconciliations on a monthly basis ● There is no indication on bank reconciliations that they are being reviewed by a second individual ● Items that were incorrectly posted between accounts were not readily identifiable and posted to the correct accounts ● Stale dated checks are not properly removed from the outstanding lists for the account payable and payroll clearing accounts ● General ledger accounts at year-end showed a variance of \$42,860 between the G/L and the reconciled bank balances 	<p>Corrective Actions:</p> <ul style="list-style-type: none"> ✓ Bank reconciliations will be completed monthly ✓ The Finance Director and Accountant will review each other's reconciliation work, sign the reconciliation and file it in the monthly reconciliation folder ✓ Sub-ledger reports will be generated on a monthly basis and the roll-up compared to the general ledger ✓ Needed adjusting entries will be proposed by Accountant and approved by the Finance Director ✓ Bi-Weekly trial balance reports will be generated and reviewed ✓ Year-end procedures will be implemented ✓ Staff will be trained and guided on new procedures ✓ A calendar/checklist will be established <p>Timeline:</p> <ul style="list-style-type: none"> ✓ Reconciliation processes will be drafted for the new accountant to take over ✓ Accountant and Finance Director have taken over the reconciliations ✓ The finance consultants are completing reconciliations from prior months and the general ledger will be updated by December, 2019 ✓ Several bank accounts have been consolidated and the therefore the need to

#	Finding Code	Finding	Description	Corrective Action
2019 Financial Audit Findings				
				transfer funds between accounts is minimized Responsible Person: The Finance Director is responsible for correcting this finding.
6	FS2018-007	Improper Maintenance of Fixed Assets and Fixed Asset Certification	<ul style="list-style-type: none"> ● The District does not have an individual assigned with the duties of collecting fixed asset additions and dispositions for the year, and processing depreciation on those assets ● The District did not have its Board certify its fixed asset inventory in a duly authorized board meeting as required by statute ● Fixed asset additions were not collected during the year for capitalization ● Depreciation has not been calculated for the year ● Additions paid by the Public School Facilities Authority (PSFA) had not been collected by the District ● It was determined that all additions in the prior year, both those paid by the District and those paid for by the PSFA, had not been properly capitalized, 	Corrective Actions: <ul style="list-style-type: none"> ✓ A Business Office employee has been dedicated to recording and maintaining the Fixed Asset database in the Visions Accounting system ✓ A procedure for identifying qualified fixed assets will be developed ✓ The current database of fixed assets in the Fixed Asset module of Visions will be updated ✓ The Accountant and Finance Director will implement and update a Depreciation Schedule for all fixed assets ✓ The new electronic scanning and inventory tagging system already purchased by the District will be implemented Timeline: <ul style="list-style-type: none"> ✓ A work plan will be developed by February, 2020 ✓ The existing Fixed Asset module in Visions will be reviewed and updated by the Accountant and Finance Director by January, 2020

#	Finding Code	Finding	Description	Corrective Action
2019 Financial Audit Findings				
			<p>resulting in a prior period adjustment to capitalize the net effect of the additions</p> <ul style="list-style-type: none"> The net value of fixed assets may not be properly reported in audits since detail is not properly maintained 	<ul style="list-style-type: none"> ✓ A new procedure for managing and reporting fixed assets will be developed by February, 2020 ✓ Updating of current Fixed Assets will be completed by June, 2020 <p>Responsible Person: The Finance Director is responsible for correcting this finding.</p>
7	FS2019-001	Late Payment of 941 Tax Payment	<p>Proper procedures for filing and payment of payroll taxes were not followed.</p> <ul style="list-style-type: none"> In 1 of 2 quarters the District failed to make its 941 payments to the IRS prior to the deadline. The October 5th payroll payment was made on October 19th The December 21st payroll date payment was not made until January 8th The District was fined \$47,550 for a late payment in December, 2012 The District was fined \$31,825 for a June, 2018 late filing The District was fined \$6,045 for a June, 2019 period 	<p>Corrective Actions:</p> <ul style="list-style-type: none"> ✓ A Liabilities Calendar will be established with payment/contribution deadlines will be available to all Business Office staff ✓ A checklist system of all payroll liabilities, including PERA contributions has been implemented <ul style="list-style-type: none"> ○ Checklist contains specified deadlines ○ Checklist is reviewed by Finance Director and/or Accountant ○ Checklist is reviewed the Monday following payroll processing <p>Timeline:</p> <ul style="list-style-type: none"> ✓ The checklist system has already begun and will be reviewed/updated on a regular basis <p>Responsible Person: The Finance Director is responsible for correcting this finding.</p>

#	Finding Code	Finding	Description	Corrective Action
2019 Financial Audit Findings				
8	FS2019-002	Improper Withholding of Employer Contributions	The District has not followed state guidelines regarding employee and employer retirement and insurance contributions	<p>Corrective Actions:</p> <ul style="list-style-type: none"> ✓ A Liabilities Calendar will be established with payment/contribution deadlines will be available to all Business Office staff ✓ A checklist system of all payroll liabilities, including PERA contributions has been implemented <ul style="list-style-type: none"> ○ Checklist contains specified deadlines ○ Checklist is reviewed by Finance Director and/or Accountant ○ Checklist is reviewed the Monday following payroll processing <p>Timeline:</p> <ul style="list-style-type: none"> ✓ The checklist system has already begun and will be reviewed/updated on a regular basis <p>Responsible Person: The Finance Director is responsible for correcting this finding.</p>
9	FS2019-003	Failure to Follow Bid-RFP Procedures	<p>The District has not complied with required central purchasing guidelines governing bid compliance.</p> <ul style="list-style-type: none"> ● The District was unable to provide proper documentation of all bids and RFPs 	<p>Corrective Actions:</p> <ul style="list-style-type: none"> ✓ The Finance Director has completed training and has become the state-certified Chief Procurement Officer ✓ Business Office functions have been realigned and a dedicated procurement and capital improvement specialist has been assigned to work with the Operations

#	Finding Code	Finding	Description	Corrective Action
2019 Financial Audit Findings				
			<ul style="list-style-type: none"> Some materials were available, but one individual who was responsible for maintaining some of the documentation had left the District and those documents could not be found 	<p>Director to solicit and document the bidding process</p> <ul style="list-style-type: none"> ✓ The Finance Director will participate in all aspects of the RFP process ✓ A new system of documentation and a retention program is being established for upcoming capital projects ✓ All staff will be re-trained on proper RFP procedures ✓ An RFP compliance checklist will be developed and reviewed with all affected staff <p>Timeline:</p> <ul style="list-style-type: none"> ✓ The Capital Projects & Procurement Specialist has already received some training on the records retention program ✓ Forms will be revised by December, 2019 and additional training will also occur in December ✓ Written checklist will be developed by December, 2019 ✓ A dedicated storage area for records and RFP retention will be dedicated during the Business Office remodel to be completed by February, 2020 <p>Responsible Person: The Finance Director is responsible for correcting this finding.</p>

#	Finding Code	Finding	Description	Corrective Action
2019 Financial Audit Findings				
10	FS2019-004	Failure to Follow Proper Internal Controls Related To Payroll	<p>The following procedures are not followed:</p> <ul style="list-style-type: none"> ● The Superintendent is not signing off on payroll reports and no report is even run for review by a second party ● The payroll department has the authority to set up a new employee in the system, generate a contract and process a payroll for them without any oversight 	<p>Corrective Actions:</p> <ul style="list-style-type: none"> ✓ The Finance Director/CFO will review and sign off on printed Payroll Journals prior to final payroll processing (This procedure is already in place). The signed on payroll journal will be filed with payroll records ✓ Once the staff accountant is in place, this person will also be able to review and approve payroll journals ✓ A new workflow/checklist process is being established in iVisions and includes the following segregation of duties: <ul style="list-style-type: none"> ○ Human Resources staff will be trained to input new/transferred EE data directly in the iVisions platform, once the position has been funded and established by Finance ○ Business Office staff positions have been realigned to ensure segregation of duties ○ The iVisions workflow process will be finalized by June, 2020 ○ HR staff will print, review and finalize EE contracts prior to hire <p>Timeline:</p> <ul style="list-style-type: none"> ✓ Review and signing of the payroll journal begins immediately ✓ Implementation of iVisions has already begun and final implementation (with new

#	Finding Code	Finding	Description	Corrective Action
2019 Financial Audit Findings				
				workflows & approval process) will be in January, 2020 with full implementation in June, 2020 Responsible Person: The Finance Director is responsible for correcting this finding.
11	FS2019-005	Failure to Ensure Financial Statements are Properly Stated	Conditions: During our review of the prior year financial statements, we identified many balances which were inaccurate. Multiple prior period adjustments had to be made to the financial statements to correct balances in order to create accurate financial statements in the current year. Adjustments, netting an increase to net position of \$9,700,416, had to be made to the following categories: <ul style="list-style-type: none"> • Debt balances • Cash balances • Receivable balances • Liability balances • Capital asset balances • Fund balances • Balances misallocated between funds 	Corrective Actions: <ul style="list-style-type: none"> ✓ Financial statements will be reviewed monthly by District Accountant, Director of Finance, and Superintendent ✓ Each month the Finance Director will ensure discrepancies regarding fund balances, capital assets, or cash balances have been successfully addressed and corrected before moving into the next month's financials ✓ In this way, we can ensure that the 12-month financial statement will be accurately stated and will appropriately represent the financial position of the District with all reliability
12	NM2018-001	Cash Appropriations in Excess of Available Cash Balance	Condition: The District re-budgeted cash balances in excess of available cash balances in the following funds: Governmental Funds Amounts Non Instructional Support \$ 34,753 Impact Aid Special Education 678,783 Title XIX	Corrective Actions: <ul style="list-style-type: none"> ✓ Cash balances from SYE 2018 will be validated once the bank reconciliations are completed ✓ Fund balances will be reported to the appropriate program manager on a monthly basis

#	Finding Code	Finding	Description	Corrective Action
2019 Financial Audit Findings				
			Medicaid 3/21 Years 64,859 GEAR UP NM State Initiatives 148,215 Kindergarten- Three Plus 243,817 BOND BUILDING 246,581 Debt Service Fund 655,480 Ed Tech Debt Service 52,067 Total all funds \$ 2,124,555	<ul style="list-style-type: none"> ✓ A new procurement process will be established that will require the approver to review the current fund balance prior to approving the purchase request ✓ The district will establish an approval workflow that requires program managers to review each requested distribution, rather than a district director making the sole approval ✓ A new electronic dashboard will be provided to each program manager so they can review up to the minute cash balances in their respective funds ✓ The Finance Director will have final approval of all expenditures and ensure the approval process was followed <p>Timeline:</p> <ul style="list-style-type: none"> ✓ The electronic fund reporting begins in January, 2020 ✓ The electronic workflow also begins in January, 2020 ✓ An implementation team composed of program representatives is developing the workflow process which will be implemented January 2020 <p>Responsible Person: The Finance Director is responsible for correcting this finding.</p>

#	Finding Code	Finding	Description	Corrective Action
2019 Financial Audit Findings				
13	NM2018-003	Budgetary Controls	<p>Condition: The District has overspent its budget in the following funds and functions:</p> <p>Pupil Transportation Fund Students Transportation 179</p> <p>Title VII Indian Ed FY 17-18 Fund Instructions 4,273</p> <p>Title XIX Medicaid 3/21 Years Fund Support services - General administration 59</p> <p>Ed Tech Debt Service Fund Support Services-General Administration 425</p> <p>Total All Funds \$ 4,936</p>	<p>Corrective Actions:</p> <ul style="list-style-type: none"> ✓ Same as above ✓ Cash balances from SYE 2018 will be validated once the bank reconciliations are completed ✓ Fund balances will be reported to the appropriate program manager on a monthly basis ✓ A new procurement process will be established that will require the approver to review the current fund balance prior to approving the purchase request ✓ The district will establish an approval workflow that requires program managers to review each requested distribution, rather than a district director making the sole approval ✓ A new electronic dashboard will be provided to each program manager so they can review up to the minute cash balances in their respective funds ✓ The Finance Director will have final approval of all expenditures and ensure the approval process was followed <p>Timeline:</p> <ul style="list-style-type: none"> ✓ The electronic fund reporting begins in January, 2020 ✓ The electronic workflow also begins in January, 2020

#	Finding Code	Finding	Description	Corrective Action
2019 Financial Audit Findings				
				<ul style="list-style-type: none"> ✓ An implementation team composed of program representatives is developing the workflow process which will be implemented January 2020 <p>Responsible Person: The Finance Director is responsible for correcting this finding.</p>
14	NM2018-004	Improper Cash Controls Outstanding Warrants	The District has not voided warrants which are more than one year old	<p>Corrective Actions:</p> <ul style="list-style-type: none"> ✓ Staff will be trained to review balance sheet accounts and outstanding items throughout the fiscal year ✓ Bank reconciliations will be completed monthly ✓ Year-end procedures will be implemented ✓ Staff will be trained and guided on new procedures ✓ A calendar/checklist will be established <p>Timeline:</p> <ul style="list-style-type: none"> ✓ Reconciliation processes will be drafted for the new account to take over ✓ Accountant and Finance Director have taken over the reconciliations ✓ EOY procedures will be ready by March, 2020 <p>Responsible Person: The Finance Director is responsible for correcting this finding.</p>

#	Finding Code	Finding	Description	Corrective Action
2019 Financial Audit Findings				
15	NM2018-006	NM PED Cash Reporting	<ul style="list-style-type: none"> ● Condition: We noted the NMPED Cash Report for 11000, 13000, 21000, 22000, 23000, 24000, 25000, 27000, 28000, 31700, 31701, 31900, 41000 and 43000 Fund did not agree to the general ledger balance, we noted a net difference of \$12,661. 	<p>Corrective Actions:</p> <ul style="list-style-type: none"> ✓ In SYE 2019 the District did not make significant improvement in this area ✓ Moving forward, the District has reconciled cash reports up to October, 2019 and resubmitted to PED ✓ Staff has consolidated bank accounts so that reconciliation is easier and faster ✓ Staff will reconcile bank accounts within a month after the month closing and will use this to validate fund balances ✓ Regular reconciliation and comparison to the General Ledger will be made each month and errors corrected ✓ Fund balances will be verified by the Accountant and Finance Director to ensure any errors are corrected <p>Timeline:</p> <ul style="list-style-type: none"> ✓ New accountant role starts in January, 2020 ✓ By March, 2020 all PED reports will be completed monthly and reported quarterly <p>Responsible Person: The Finance Director is responsible for correcting this finding.</p>
16	NM2019-001	Improper Approval of Budget Adjustment (BAR)	<ul style="list-style-type: none"> ● There were five instances in which the District entered the budget adjustment into the accounting program prior to 	<p>Corrective Actions:</p> <ul style="list-style-type: none"> ✓ The District will assign a staff member the task of Budget Adjustment Requests (BARs) who will work closely with program

#	Finding Code	Finding	Description	Corrective Action
2019 Financial Audit Findings				
			<p>approval from the School Board and PED</p> <ul style="list-style-type: none"> In another instance the BAR was approved by the Board and PED, but not entered into the accounting system 	<p>directors to ensure BARs are submitted properly and timely</p> <ul style="list-style-type: none"> ✓ A new workflow approval process is being established in iVisions to shepherd the process and schedule for BARs ✓ A new process is being established within the iVisions workflow to prompt the recording of all BARs and subsequent expenditures in the accounting system ✓ New training will be established and implemented that will include such tasks as submitting and tracking of all BARs for the district. ✓ The District will also implement a new process of reviewing all BARs on a monthly basis <p>Timeline:</p> <ul style="list-style-type: none"> ✓ The iVisions Implementation Team is currently working on the approval workflows ✓ The full iVisions will be implemented by March, 2020 ✓ Training of staff and program directors will begin in January, 2020 <p>Responsible Person: The Finance Director is responsible for correcting this finding.</p>
17	NM2019-002	Missing Receiving Documentation	There were several instances where disbursements (payments to	Corrective Actions:

#	Finding Code	Finding	Description	Corrective Action
2019 Financial Audit Findings				
			<p>vendors) did not contain proper receiving and proof of delivery documentation prior to payment of invoices.</p> <ul style="list-style-type: none"> • In 4 of 40 items the District did not have receiving documentation with value of purchases ranging from \$646.50 to \$13,549.43 • In 1 of 35 items a construction payment of \$210,821.05 was not signed off by the Project Manager prior to payment • In the previous year's audit there was one instance where a purchase order was not in place prior to the purchase of goods or services • Credit card disbursements were made without following proper procedures 	<ul style="list-style-type: none"> ✓ Three training sessions with site clerical staff where procedures have been reviewed ✓ Finance Director has received training and is now the District's Chief Procurement Officer (CPO) ✓ All Purchase Requests are reviewed and signed by the Finance Director ✓ All Purchase Orders are issued by the CPO and signed (no scanned signatures) ✓ The Finance Director reviews all invoices prior to payment ✓ The AP clerk will be given an AP Checklist which includes the procedures for AP processing ✓ A new electronic approval work flow is being established in iVisions so that both PRs, invoices and proofs of delivery can be approved by program managers and site administrators ✓ All items will be scanned and saved in iVisions <p>Timeline:</p> <ul style="list-style-type: none"> ✓ The iVisions Implementation Team is currently working on the approval workflows ✓ iVisions will be implemented in January 2020 ✓ Scanning of invoices & proofs of purchases has started

#	Finding Code	Finding	Description	Corrective Action
2019 Financial Audit Findings				
				<p>✓ A completed checklist will be in place by the end of November, 2019</p> <p>Responsible Person: The Finance Director is responsible for correcting this finding.</p>
18	NM2019-003	Improper Reimbursement of Travel Expense	<p>The District is not maintaining records sufficient to verify the District is in compliance with the Leave and Per Diem Act</p> <ul style="list-style-type: none"> • The District may not be paying some employees the amount provided by the Travel and Per Diem Act • Employees were not reimbursed at the District and State mandated rates 	<p>Corrective Actions:</p> <ul style="list-style-type: none"> ✓ Procedures regarding travel reimbursement will be implemented, and staff will be trained ✓ Reimbursement rates will be published and the EE Leave Form will be updated to include the reimbursement data <p>Timeline:</p> <ul style="list-style-type: none"> ✓ Forms will be revised by January, 2020 ✓ Training of EEs will commence at next Professional Development Day in December, 2019 <p>Responsible Person: The Finance Director is responsible for correcting this finding.</p>
19	NM2019-004	Late Payment of Employer Contributions	Regarding Retiree Health, the District has not followed state guidelines outlining contribution timelines	<p>Corrective Actions:</p> <ul style="list-style-type: none"> ✓ A Liabilities Calendar will be established with payment/contribution deadlines will be available to all Business Office staff ✓ A checklist system of all payroll liabilities, including retiree contributions has been implemented

#	Finding Code	Finding	Description	Corrective Action
2019 Financial Audit Findings				
				<ul style="list-style-type: none"> ○ Checklist contains specified deadlines ○ Checklist is reviewed by Finance Director and/or Accountant ○ Checklist is reviewed the Monday following payroll processing <p>Timeline:</p> <ul style="list-style-type: none"> ✓ The checklist system has already begun and will be reviewed/updated on a regular basis <p>Responsible Person:</p> <p>The Finance Director is responsible for correcting this finding.</p>
20	NM2019-005	Background Checks, Contracts, and Licensing	<ul style="list-style-type: none"> ● 1 in 40 files did not have a copy of the EE's contract in the file ● 22 of 40 files did not have a background check on file 	<p>Corrective Actions:</p> <ul style="list-style-type: none"> ✓ Implement a process so every new EE is fingerprinted post-offer and prior to placement ✓ Review all existing files to ensure no EE is missed ✓ A Background Check for all existing EEs will be done ✓ A new Work Flow/Checklist will be established in iVisions that requires steps to be taken before new hires can proceed to final approval <p>Timeline:</p> <ul style="list-style-type: none"> ✓ Review and signing of the reports begins immediately

#	Finding Code	Finding	Description	Corrective Action
2019 Financial Audit Findings				
				<p>✓ Implementation of iVisions has already begun and final implementation (with new workflows & approval process) will be in January, 2020</p> <p>Responsible Person: The Finance Director is responsible for correcting this finding.</p>
21	NM2019-006	I-9 Documentation	<p>District, State and Federal policies are not being followed or reviewed to ensure proper execution of Immigration Reform and Control Act of 1986.</p> <ul style="list-style-type: none"> ● In 1 of 40 files reviewed the EE did not sign nor date the I9 form ● In 2 of 40 files reviewed the EE section had not been completed ● In 3 of 40 files there was no I9 in the file 	<p>Corrective Actions:</p> <ul style="list-style-type: none"> ✓ HR will perform a comprehensive review of all EE files to ensure all forms are completely signed ✓ HR will identify other missing pieces of documentation ✓ A new onboarding workflow will be established in iVisions so the completion of the hiring process cannot be executed until all steps have been concluded <p>Timeline:</p> <ul style="list-style-type: none"> ✓ The iVisions Implementation Team is currently working on the approval workflows ✓ Full implementation will be completed by January, 2020 ✓ Review of records is underway and will be completed by January, 2020 <p>Responsible Person: The Finance Director is responsible for correcting this finding.</p>

#	Finding Code	Finding	Description	Corrective Action
2019 Financial Audit Findings				
22	NM2019-007	Improper Usage Of Credit Cards	The District has a credit card issued by GSB, which is contrary to state law.	<p>Corrective Actions:</p> <ul style="list-style-type: none"> ✓ The card has been cancelled ✓ A new Procurement Card account and process is being established to tie purchases directly to a Purchase Request ✓ Train all staff on use and procedures <p>Timeline:</p> <ul style="list-style-type: none"> ✓ Cards and process will be in place December, 2019 <p>Responsible Person: The Finance Director is responsible for correcting this finding.</p>
23	NM2019-008	Late Filing of Audit Report	Many of the requested records and documents could not readily be located by the District staff	<p>Corrective Actions:</p> <ul style="list-style-type: none"> ✓ Staff will reorganize filing system to house 2018-19 records and documents ✓ Staff will reorganize filing system to house 2018-19 records and documents ✓ For 2019-20 records the District is adopting an electronic filing system through Visions accounting software that will allow us to search for and locate documents ✓ RFPs, Bids and RFQ records will be housed in one location containing all the records in one location ✓ Confirmation records such as IRS filings and payments, journal entries, bank reconciliations, etc. will now be located in the Finance Director's office in new filing cabinets

#	Finding Code	Finding	Description	Corrective Action
2019 Financial Audit Findings				
				<ul style="list-style-type: none"> ✓ Staff will begin planning for future audits in March of the year of the audit <p>Timeline:</p> <ul style="list-style-type: none"> ✓ These activities have already begun ✓ The electronic filing system will be launched in January, 2020 <p>Responsible Person: The Finance Director is responsible for correcting this finding.</p>

STATE OF NEW MEXICO
GRANTS/CIBOLA COUNTY SCHOOLS
OTHER DISCLOSURES
FOR THE YEAR ENDED JUNE 30, 2019

Auditor Prepared Financial Statements

Manning Accounting and Consulting Services, LLC prepared the GAAP-basis financial statements and footnotes of Grants/Cibola County Schools from the original books and records provided to them by the management of the District. The District's management has reviewed and approved the financial statements and related notes and they believe that their records adequately support the financial statements. The responsibility for the financial statements remains with the District.

Exit Conference

The contents of this report were discussed on November 12, 2019 and the following individuals were in attendance.

Grants/Cibola County Schools

Max Perez, Superintendent
Guy Archambeau, Board President
Ronald Ortiz, Board Vice President
Steve Maldonado, Finance Director
April Cash, Audit Committee Community Member
Gary Atencio, Audit Committee Community Member
Carol Gonzales, Consultant
Maria Fidalgo, CPA, Consultant

Manning Accounting and Consulting Services, LLC

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