

**STATE OF NEW MEXICO  
JAL PUBLIC SCHOOLS**

**AUDITED FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION  
JUNE 30, 2019**

*Woodard, Cowen & Co.*

Certified Public Accountants

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STATE OF NEW MEXICO  
JAL PUBLIC SCHOOLS  
JUNE 30, 2019

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STATE OF NEW MEXICO  
JAL PUBLIC SCHOOLS  
JUNE 30, 2019

OFFICIAL ROSTER

BOARD OF EDUCATION

Jim Gooss	President
Jenny Edwards	Vice President
Jaime Ear	Secretary
Kayla Lujan	Member
Bert Galindo	Member

SCHOOL OFFICIALS

Brian Snider	Superintendent
Nichole Herrera	Business Manager

# Woodard, Cowen & Co.

Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

Mr. Brian S. Colón, Esq.  
New Mexico State Auditor  
Board of Education  
Jal Public Schools  
Jal, New Mexico

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the General Fund and major special revenue funds of Jal Public Schools (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the District's non-major governmental funds, the combining financial statements for the General Fund, and the budgetary comparisons for the major capital project funds, as defined by the Governmental Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2019.

### 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. 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the respective budgetary comparisons for the General Fund and major special revenue funds and the aggregate remaining fund information of the District, as of June 30, 2019, and the respective changes in financial position and, for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each non-major governmental fund, and the combining financial statements for the General Fund of the District as of June 30, 2019, and the respective changes in financial position thereof, and the respective budgetary comparisons for the major capital projects fund for the year then ended in accordance with accounting principles generally accepted in United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison 9 – 10, the Schedule of Proportionate Share of the Net Pension Liability on page 64, the Schedule of Contributions on page 62, with the notes to the required supplementary information on page 63, and the Schedule of Employer's Proportionate Share of the Net OPEB Liability on page 64 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, the combining and individual fund financial statements and budgetary comparisons. The schedules required by Section 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of changes in assets and liabilities – agency funds and the additional schedules listed as “required supplemental information” in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the schedule of changes in assets and liabilities – agency funds and the additional schedules listed as “required supplemental information” in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2019 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Woodard, Cowen & Co.".

Woodard, Cowen & Co.  
Portales, New Mexico  
November 13, 2019

STATE OF NEW MEXICO  
 JAL PUBLIC SCHOOLS  
 STATEMENT OF NET POSITION  
 June 30, 2019

	Governmental Activities
<u>ASSETS</u>	
Cash and cash equivalents	\$ 23,644,237
Accounts Receivable	-
Property Taxes Receivable	3,162,879
Due From Other Agencies	291,654
Inventory	3,010
Total Current Assets	<u>27,101,780</u>
Non-current assets:	
Capital assets, net	63,134,353
Total Assets	<u>90,236,133</u>
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Outflows of Resources from OPEB	175,061
Deferred Outflows of Resources from Pensions	3,559,166
	<u>3,559,166</u>
Total assets and deferred outflows	<u>\$ 93,970,360</u>
 <u>LIABILITIES AND NET POSITION</u>	
Current:	
Accounts payable	\$ 204,792
Bond Premium, net of amortization	638,352
Accrued Interest payable	442,421
Debt due in one year	2,125,000
Total Current Liabilities	<u>3,410,565</u>
Non-current:	
Compensated Absences	48,877
Net Pension Liability	12,437,143
OPEB Liability	2,976,449
Debt in more than one year:	41,155,000
Total Non-current Liabilities	<u>56,617,469</u>
Total Liabilities	<u>60,028,034</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred inflows from pensions	236,699
Deferred Inflows from OPEB	769,060
Total Deferred Inflows of Resources	<u>1,005,759</u>
 <u>NET POSITION</u>	
Net Investment in Capital Assets	19,854,353
Restricted for:	
Capital Projects	8,358,520
Debt Service	16,842,771
Inventory	3,010
Instructional Materials	220
Athletics	7,584
Cafeteria	7,736
Special Revenue	143,428
Unrestricted	<u>(12,281,055)</u>
Total Net Position	<u>32,936,567</u>
Total liabilities, deferred inflows and net position	<u>\$ 93,970,360</u>

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



STATE OF NEW MEXICO  
 JAL PUBLIC SCHOOLS  
 STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue & Changes in Net Assets
					Primary Governmental Activities
Primary government:					
Governmental activities:					
Instruction	\$ 3,946,989	\$ 26,373	\$ 174,949	-	\$ (3,745,667)
Support Services	-	-	-	-	
Support Services-Students	334,762	-	30,065	-	(304,697)
Support Services-Instruction	122,491	-	13,122	-	(109,369)
Support Services-General Administration	380,096	-	26,250	-	(353,846)
Support Services-School Administration	501,615	-	8,396	-	(493,219)
Central Services	194,458	-	6,002	-	(188,456)
Operation & Maintenance of Plant	1,162,786	-	-	-	(1,162,786)
Student Transportation	166,175	-	131,110	-	(35,065)
Other Support Services	808	-	-	-	(808)
Food Services-Operations	233,389	20,969	71,716	-	(140,704)
Community Services-operations	454,377	-	-	-	(454,377)
Bond Interest	1,254,859	-	-	-	(1,254,859)
Depreciation-unallocated	1,620,519	-	-	-	(1,620,519)
Amortization Unallocated	-	-	-	-	-
Unallocated Revenue	-	-	-	-	-
<b>Total governmental activities</b>	<b>\$ 10,373,324</b>	<b>\$ 47,342</b>	<b>\$ 461,610</b>	<b>\$ -</b>	<b>\$ (9,864,372)</b>

General revenues:

Property taxes:		
Levied for General purpose		\$ 1,656,320
Levied for Capital Projects		6,629,506
Levied for Debt Service		12,015,670
State Capital Grants		383,150
Fees		11,410
PED Equalization Guarantee		3,460,067
Refunds		8,368
Private Grants		-
Rent		23,790
Loss on Equipment Trades		(29,667)
Donations		97,500
State Grants		98,509
Insurance Recoveries		1,480,780
Local Grants		267,005
	<b>Total general revenues</b>	<b>26,102,408</b>
	Change in net position	16,238,036
	Net position - beginning	16,955,039
	Restatement	(256,508)
	Restated Balance	16,698,531
	Net position - ending	<b>\$ 32,936,567</b>

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

STATE OF NEW MEXICO  
JAL PUBLIC SCHOOLS

BALANCE SHEET-- GOVERNMENTAL FUNDS

June 30, 2019

	GENERAL	MADOX FOUNDATION	SB-9 LOCAL
<b>ASSETS</b>			
Cash on Deposit	\$ 938,318	\$ -	\$ 7,415,412
Due from Other Funds	201,168	-	-
Due from Other Governments	-	67,607	-
Property Taxes Receivable	258,097	-	1,033,137
Inventory	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 1,397,583</u></b>	<b><u>\$ 67,607</u></b>	<b><u>\$ 8,448,549</u></b>
<b>LIABILITIES</b>			
Accounts Payable	\$ 114,107	\$ 2,223	\$ -
Due to Other Funds	-	65,384	-
<b>TOTAL LIABILITIES</b>	<b>114,107</b>	<b>67,607</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue	12,209	-	49,307
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b><u>12,209</u></b>	<b><u>-</u></b>	<b><u>49,307</u></b>
<b>FUND BALANCE</b>			
Non-spendable	-	-	-
Restricted for: Capital Projects	-	-	8,399,242
Restricted for: Debt Service	-	-	-
Restricted for: Instructional Materials	220	-	-
Restricted for: Athletics	-	-	-
Restricted for: Cafeteria	-	-	-
Restricted for: Special Revenue	-	-	-
Restricted for: Transportation	589	-	-
Unassigned:			
General Fund	1,270,458	-	-
Special Revenue Funds	-	-	-
<b>TOTAL FUND BALANCE</b>	<b><u>1,271,267</u></b>	<b><u>-</u></b>	<b><u>8,399,242</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b><u>\$ 1,397,583</u></b>	<b><u>\$ 67,607</u></b>	<b><u>\$ 8,448,549</u></b>

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

BOND BUILDING	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	Total GOVERNMENTAL FUNDS
\$ 1	\$ 15,131,559	\$ 158,948	\$ 23,644,238
-	-	-	201,168
-	-	224,047	291,654
-	1,871,645	-	3,162,879
-	-	3,010	3,010
<u>\$ 1</u>	<u>\$ 17,003,204</u>	<u>\$ 386,005</u>	<u>\$ 27,302,949</u>
\$ -	\$ -	\$ 88,463	\$ 204,793
-	-	135,784	201,168
-	-	224,247	405,961
-	87,626	-	149,142
-	87,626	-	149,142
-	-	3,010	3,010
1	-	-	8,399,243
-	16,915,578	-	16,915,578
-	-	-	220
-	-	7,584	7,584
-	-	7,736	7,736
-	-	143,428	143,428
-	-	-	589
-	-	-	1,270,458
-	-	-	-
<u>1</u>	<u>16,915,578</u>	<u>161,758</u>	<u>26,747,846</u>
<u>\$ 1</u>	<u>\$ 17,003,204</u>	<u>\$ 386,005</u>	<u>\$ 27,302,949</u>

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

STATE OF NEW MEXICO  
 JAL PUBLIC SCHOOLS  
 RECONCILIATION OF THE BALANCE SHEET  
 ALL GOVERNMENTAL FUNDS TO THE  
 STATEMENT OF NET POSITION

June 30, 2019

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

Fund Balances - total governmental funds	\$ 26,747,846
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	63,134,353
Net Pension Liability not reported in the funds	(12,437,143)
OPEB Liability not reported in the funds	(2,976,449)
Deferred Outflows of Resources not reported in the funds	
Pensions - ERB	3,615,469
OPEB - RHCA	118,758
Deferred Inflows of Resources not reported in the funds	
Pensions - ERB	(325,552)
OPEB - RHCA	(680,207)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds are as follows:	
Delinquent Property Tax Receivable	149,142
Bond Premium	(638,352)
Accrued Int Payable	(442,421)
Liabilities not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Bonded Debt	(43,280,000)
Compensated Absences	(48,877)
Net position of governmental activities	<u>\$ 32,936,567</u>

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

STATE OF NEW MEXICO  
JAL PUBLIC SCHOOLS

STATEMENT OF REVENUE, EXPENDITURES AND  
CHANGES IN FUND BALANCE-- GOVERNMENTAL FUNDS  
Year Ended June 30, 2019

	GENERAL	MADOX FOUNDATION	SB-9 LOCAL
<b>REVENUE</b>			
Residential/Non-Residential Taxes	\$ 1,666,192	\$ -	\$ 6,670,228
Rent and Leases	23,790	-	-
Fees Activities	11,410	-	-
State Equalization	3,460,067	-	-
State Flow Through Grants	-	-	-
State Programs	245,572	-	-
Donations	97,500	-	-
Refunds	8,368	-	-
Private & Local Grants	-	267,005	-
Insurance Recoveries	-	-	1,480,780
Federal Program	-	-	-
TOTAL REVENUES	<u>5,512,899</u>	<u>267,005</u>	<u>8,151,008</u>
<b>EXPENDITURES</b>			
Current			
Instruction	2,634,651	-	-
Support Services			
Support Services-Students	238,444	-	-
Support Services-Instruction	85,389	-	-
Support Services-General Administration	260,349	-	-
Support Services-School Administration	344,256	-	-
Central Services	131,476	-	-
Operation & Maintenance of Plant	899,655	-	-
Student Transportation	132,037	-	-
Other Support Services	-	-	-
Food Services-Operations	87,908	-	-
Community Services-operations	70,810	267,829	-
Acquisition & Construction	-	-	3,282,150
Bond Principal	-	-	-
Bond Interest	-	-	-
TOTAL EXPENDITURES	<u>4,884,975</u>	<u>267,829</u>	<u>3,282,150</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>627,924</b>	<b>(824)</b>	<b>4,868,858</b>
Other Financing Sources			
Refunds to PED	-	-	-
Transfers In<Out>	-	-	-
Total Other Financial Sources	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change In Fund Balances</b>	<b>627,924</b>	<b>(824)</b>	<b>4,868,858</b>
<b>FUND BALANCE</b>			
June 30, 2018	643,568	824	3,530,384
Restatement	(225)	-	-
Restated Fund Balance June 30, 2018	<u>643,343</u>	<u>824</u>	<u>3,530,384</u>
<b>FUND BALANCE</b>			
June 30, 2019	<u>\$ 1,271,267</u>	<u>\$ -</u>	<u>\$ 8,399,242</u>

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

BOND BUILDING	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ -	\$ 12,088,477	\$ -	\$ 20,424,897
-	-	-	23,790
-	-	47,342	58,752
-	-	-	3,460,067
-	-	395,338	395,338
-	-	-	245,572
-	-	-	97,500
-	-	-	8,368
-	-	-	267,005
-	-	-	1,480,780
-	-	302,359	302,359
-	12,088,477	745,039	26,764,428
-	-	179,143	2,813,794
-	-	30,065	268,509
-	-	13,122	98,511
-	13,657	26,250	300,256
-	-	8,396	352,652
-	-	6,002	137,478
-	-	58,827	958,482
-	-	-	132,037
-	808	-	808
-	-	95,030	182,938
-	-	-	338,639
5,011,205	-	180,895	8,474,250
-	1,185,000	-	1,185,000
-	1,299,119	-	1,299,119
5,011,205	2,498,584	597,730	16,542,473
(5,011,205)	9,589,893	147,309	10,221,955
-	-	-	-
-	-	-	-
-	-	-	-
(5,011,205)	9,589,893	147,309	10,221,955
5,011,206	7,325,685	14,449	16,526,116
-	-	-	(225)
5,011,206	7,325,685	14,449	16,525,891
\$ 1	\$ 16,915,578	\$ 161,758	\$ 26,747,846

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

STATE OF NEW MEXICO  
 JAL PUBLIC SCHOOLS  
 RECONCILIATION OF THE STATEMENT OF REVENUES,  
 EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 ALL GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

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

Net change in fund balance - total governmental funds	\$ 10,221,955
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital asset additions exceeded depreciation in the current year	6,803,731
Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered "available" revenues in the government funds, and are instead reported as deferred revenues. They are however, recorded as revenues in the Statement of Activities.	(123,401)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Loss on Asset Deletions Net of Proceeds	(29,667)
(Increase)/Decrease in pension expense due to net pension liability apportionment	(1,889,640)
(Increase)/Decrease in expense due to net other post employment liability apportionment	39,940
Expenses in the statement of activities which do not require use of financial resources	
Refunded to PED	-
Accrued Interest payable	5,925
Bond principal payments	1,185,000
Increase in Compensated Absences	(14,140)
Amortization of bond premium taken against bond interest	38,333
Change in Net Position	<u>\$ 16,238,036</u>

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

STATE OF NEW MEXICO  
 JAL PUBLIC SCHOOLS  
 COMBINED STATEMENT OF REVENUE AND EXPENDITURES--BUDGET  
 (NON-GAAP) AND ACTUAL-GENERAL FUND  
 Year Ended June 30, 2019

	General Fund			VARIANCE
	ORIGINAL BUDGET	BUDGET	ACTUAL	Favorable (Unfavorable)
<b>REVENUE</b>				
Residential/Non-Residential Taxes	\$ 509,398	\$ 1,509,677	\$ 1,509,677	\$ -
Fees - Educational	-	-	-	-
Rent and Leases	18,000	18,000	23,790	5,790
Fees Activities	-	5,171	11,410	6,239
Interest Income	-	-	-	-
State Equalization	3,866,626	4,494,358	3,460,067	(1,034,291)
State Flow Through Grants	371,615	374,017	245,572	(128,445)
Sale of Property/Equipment	-	-	-	-
Access Board	-	-	-	-
<b>TOTAL REVENUE</b>	<u>4,765,639</u>	<u>6,401,223</u>	<u>\$ 5,356,384</u>	<u>\$ (1,044,839)</u>
Cash Balance Budgeted	<u>430,032</u>	<u>603,287</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 5,195,671</u>	<u>\$ 7,004,510</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ 2,830,613	\$ 3,235,911	\$ 2,663,998	\$ 571,913
Support Services				
Support Services-Students	270,896	404,077	237,577	166,500
Support Services-Instruction	98,525	191,525	84,639	106,886
Support Services-General Administration	248,861	302,361	255,885	46,476
Support Services-School Administration	335,870	408,044	344,256	63,788
Central Services	126,914	224,315	130,774	93,541
Operation & Maintenance of Plant	877,540	1,185,135	899,505	285,630
Student Transportation	132,880	146,015	132,037	13,978
Other Support Services	36,815	36,815	-	36,815
Acquisition & Construction	43,470	132,759	87,908	44,851
<b>TOTAL EXPENDITURES</b>	<u>\$ 5,195,671</u>	<u>\$ 7,004,510</u>	<u>\$ 4,907,389</u>	<u>\$ 2,097,121</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 5,356,384
Differences-Budget to GAAP	
Property tax Receivable	156,515
Total Revenues (GAAP Basis)	<u>\$ 5,512,899</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 4,907,389
Differences-budget to GAAP	
Prior Year Accounts Payable	(31,210)
Current Year Accounts Payable	8,796
Total Expenditures (GAAP Basis)	<u>\$ 4,884,975</u>

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



STATE OF NEW MEXICO  
JAL PUBLIC SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--SPECIAL REVENUE FUND--MADDOX FOUNDATION

Year Ended June 30, 2019

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
Fees-Users	\$ 239,500	\$ 263,710	\$ 185,789	\$ (77,921)
Private & Local Grants	240,228	60,592	71,515	10,923
TOTAL REVENUE	<u>479,728</u>	<u>324,302</u>	<u>\$ 257,304</u>	<u>\$ (66,998)</u>
Cash Balance Budgeted	<u>-</u>	<u>-</u>		
TOTAL REVENUE & CASH	<u>\$ 479,728</u>	<u>\$ 324,302</u>		
EXPENDITURES				
Current				
Community Services	\$ 479,728	\$ 324,302	\$ 271,392	\$ 52,910
TOTAL EXPENDITURES	<u>\$ 479,728</u>	<u>\$ 324,302</u>	<u>\$ 271,392</u>	<u>\$ 52,910</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 257,304
Differences-Budget to GAAP	
Prior Year Tax Receivables	
Current Year Receivable	67,607
Prior Year Receivable	(57,906)
Total Revenues (GAAP Basis)	<u>\$ 267,005</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 271,392
Differences-budget to GAAP	
Prior Year Accounts Payable	(5,785)
Current Year Accounts Payable	2,222
Total Expenditures (GAAP Basis)	<u>\$ 267,829</u>

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

STATE OF NEW MEXICO  
JAL PUBLIC SCHOOLS  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

June 30, 2019

ASSETS

Cash on Deposit	<u>\$ 205,714</u>
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LIABILITIES AND FUND BALANCE

Liabilities:	
Due to Student Groups	94,614
Scholarships Held	<u>111,100</u>
Total Liabilities	<u>\$ 205,714</u>

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

**STATE OF NEW MEXICO**  
**Jal Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

**A. Reporting Entity**

Jal Public Schools District (the "District") is a special purpose government corporation governed by an elected five-member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public-school education in the city of Jal and surrounding area. The District is responsible for all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. Based on the criteria for determining the reporting entity (separate legal entity and fiscal or financial dependency on other governments), the District is considered to be an independent reporting entity and has no component units.

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

**B. Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are the timing of related cash flows. Property taxes are recognized as revenues, net of estimated refunds and estimated uncollectible amounts, in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**STATE OF NEW MEXICO**  
**Jal Public 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)**

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

The District reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The District reports, if any, deferred inflows of resources in the government wide financial statements for inflows received, but not recognized as revenue until future years subject to time restrictions. In the governmental funds, the District recognizes deferred inflows of resources for property taxes and federal and state reimbursements that are not considered available.

The District reports the following major governmental funds:

*General Fund* - The General Fund consist of four sub funds. The first is the operational fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. The second is the Teacherage fund of the District and accounts for rental properties that are rented to teachers and administrations that work at the school. The Transportation fund includes a state grant to provide transportation for students in the District. The Instructional Materials fund accounts for a state grant to provide text books for students in the District.

*Maddox Foundation* – The revenue was from a grant to fund the startup costs of a day care service for employees and students in the District. If there are vacancies in the program, children from the community are provided service. All children are charged a fee to attend. The fund was created by definition.

*Senate Bill Nine-Local* – The revenues are derived from a district tax levy. Expenditures are restricted to capital improvements, repairs and maintenance, supplies and supply assets used in the upkeep of the facilities.

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

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

**STATE OF NEW MEXICO**  
**Jal Public 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 District also reports the following classifications of funds.

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

*Capital Projects Funds* - Capital projects funds are used to account for financial resources to be used for the acquisition, maintenance, or construction of major capital facilities.

*Fiduciary Funds* - The District's only fiduciary funds are agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance.

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

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

**1. Deposits and Investments**

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

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

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

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

Excess of funds may be temporarily invested in securities which are issued by the State of New Mexico 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.

**STATE OF NEW MEXICO  
Jal Public Schools  
Notes to the Financial Statements  
June 30, 2019**

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

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

**1. Deposits and Investments (continued)**

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

**2. Receivables and Payables**

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

The District's property taxes are levied each year on the assessed valuation of property located in the District as of the preceding January 1<sup>st</sup>. The assessed valuation for the 2018 fiscal year was \$1,736,908,108. Mill levy rates are set by the State of New Mexico each year for the General Fund, SB-9 Capital Improvements Fund and the Debt Service Fun. Taxes are payable in two equal installments on November 10<sup>th</sup> and April 10<sup>th</sup> following the levy and become delinquent after 30 days.

**3. Inventories**

The food inventories are valued at cost using the first-in/first-out (FIFO) method. USDA commodities are recorded at estimated costs. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

**4. Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government wide statements. However, the District does not construct or maintain infrastructure assets, accordingly, the District is not subject to this provision of GASB Statement No. 34. Donated capital assets are recorded at estimated fair market value at the date of donation. Library books are not capitalized but are expensed during the year of purchase.

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

**STATE OF NEW MEXICO  
 Jal Public Schools  
 Notes to the Financial Statements  
 June 30, 2019**

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

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

**4. Capital Assets (continued)**

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

Assets	Years
Buildings	40
Building Improvements	20
Vehicles	2-15
Equipment and Software	3-15

**5. Deferred Outflows of Resources**

The District reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. The District has one item that qualifies for reporting in this category on the government-wide statement of net position. It is the District's contributions subsequent to the measurement date of the collective net pension liability and OPEB and before the end of the employer's reporting period. This will be recognized as a reduction of the net pension liability in the year ended June 30, 2019.

**6. Deferred Inflows of Resources**

The District's governmental funds report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period(s). The District will not recognize the related revenues until a future event occurs. The District has one type of item which occurs because governmental fund revenues are not recognized until available (collected not later than 60 days after the end of the District's fiscal year) under the modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, deferred property taxes and other unavailable state and federal revenues are reported in the governmental funds balance sheet. Two other items, net difference between projected and actual investment earnings on pension plan investments and OPEB and the change of assumptions related to the pension plan are also deferred inflows. These amounts will be amortized and recognized in future years.

**7. Unearned Revenue**

Accounting principles generally accepted in the United States of America require that grant revenue be recognized 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.

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

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

**8. Compensated Absences**

Custodial and Maintenance Personnel – When a twelve-month non-certified employee has been with the Jal Schools for a period of one year, the employee is entitled to a vacation period of two weeks. After a non-certified employee has worked for the Jal Schools for at least six months, he or she is entitled to a one-week vacation provided it can be taken during the summer months. As a courtesy to new employees, the Board of Education will allow the employee to request one (1) week vacation time after (3) months but less than six (6) months service. After ten years of service, custodial and maintenance employees will be increased to three weeks. Vacation leave is not accumulative. In the event an employee resigns or is discharged before the regular vacation period, he or she shall be entitled to receive accumulated vacation pay. All computations for pay purposes which involve vacation time will be computed on a probate basis, i.e., approximately five-sixths day of vacation time is earned for each month of work. After an employee uses two (2) weeks vacation, approximately twelve (12) months must be served before he or she is entitled to another two (2) weeks vacation. The Board reserves the right to allow an employee to use vacation time in lieu of sick leave in extenuating circumstances. The Board reserves the right to allow an employee to take vacation time for conducting personal business, subject to time of service and duty schedule. Should a holiday fall within the employee's vacation period, he or she will not be required to count that day as vacation time. After employees have completed one year of service, their vacation will be prorated from their anniversary date to July 1st so that all employees will be on the same schedule, i.e. (two or three weeks of vacation time for July 1st to June 30th). Example: An employee begins work on May 1, 1998. May 1, 1999 to July 1, 1999 the employee would have  $2/12 \times 10/1 = 1.67$  rounded to 2 days of vacation. On July 1, 1999, to June 30, 2000 the employee would have 10 days of vacation. The superintendent must approve vacation schedules.

Administrative Office Personnel – Two weeks of vacation time per year will be given to new employees. After five years of experience, the vacation time will increase to three weeks, and after ten years, four weeks a year will be given. Employees who have been working in other positions in the school system will be given credit for this experience. Vacation time not used will be credited to the next year up to 50 days after which the vacation will be lost if not used. Employees retiring from Jal Schools may be compensated for up to 240 hours of unused vacation time. This limit is set by the Education Retirement Board.

The District's recognition and measurement criteria for compensated absences follow:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both the following conditions are met:

- (a) The employees' rights to receive compensation is attributed to service already rendered.
- (b) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.



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

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

**9. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. In the fund financial statements, current portions of debt that will mature early in the following year are reported as current liabilities. In addition, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**10. Fund Balance and Net Position**

Fund Balance: In the fund financial statements, components of fund balance include the following:

1. Nonspendable fund balance is the portion of the gross fund balance that is not expendable or is legally earmarked for a specific use.
2. Restricted fund balances include fund balances that are subject or constrained to a specific purpose by the provider, such as a grantor.
3. Committed fund balances are the portion of the fund balance that is constrained to a specific purpose by the Board.
4. Assigned fund balances are the portion of the fund balances that are spendable or available for appropriation but have been tentatively earmarked for some specific purpose by the Superintendent or designee.
5. Unassigned fund balances include amounts available for any legal purpose. This portion of the net assets in the general fund is available to finance operating expenditures.

Net Position: In the government-wide financial statements components of net position include the following:

1. Net position invested in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balance of debt issued to finance the acquisition, improvement, or construction of those assets.
2. Restricted net position includes balances that are subject to constraints on their use by creditors, grantors, and bond indentures. These are the replacement reserves and the bond escrow accounts.
3. Unrestricted net position is available for general use by the District for any obligation or expense.

**STATE OF NEW MEXICO**  
**Jal Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

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

**11. 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.

**12. Indirect Costs**

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

**13. Revenues**

a. State Equalization Guarantee:

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

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size; etc. Payment is made from the public-school fund under the authority of the Director of Public School Finance. The District received \$3,460,067 in state equalization guarantee distributions during the year ended June 30, 2019.

b. Transportation Distribution:

School districts in the State of New Mexico received student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$131,110 in transportation distributions during the year ended June 30, 2019.

c. Tax Revenues:

The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. The District recognizes tax revenues in the period for which they are levied in the government-wide financial statements. The District recognized \$20,301,496 in tax revenues during the year ended June 30, 2019. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

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

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

**14. 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.

**15. Other Post-employment Benefits (OPEB)**

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

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

**A. Budgetary Information**

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

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

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

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

1. In April or May, the Superintendent submits to the Board of Education a proposed operating budget of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Department of Education.
2. In May or June, the budget is approved by the Board of Education.
3. The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called for.

**STATE OF NEW MEXICO**  
**Jal Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

**A. Budgetary Information (continued)**

4. The Superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Board of Education.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.
6. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for budget purposes.

The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. The appropriated budget for the year ended June 30, 2019 was properly amended by the Board throughout the year. New Mexico state law prohibits a school district to exceed a function line item.

**NOTE 3: DEPOSITS AND 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 collateral deposited as security or by bond given by the financial institution.

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case, shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of the deposit. At June 30, 2019, there were no investments in non-demand interest-bearing accounts.

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 United States or are backed by the full faith and credit of those governments.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. All time and savings deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000. Separately, all interest-bearing and noninterest-bearing demand deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together insured up to \$250,000.

**Custodial Credit Risk: Deposits** - Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk.

**STATE OF NEW MEXICO**  
**Jal Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

As of June 30, 2019, \$24,062,215 of the District's bank balances were exposed to custodial credit risk as follows:

Insured (FDIC)	\$ 250,000
Collateralized by securities held by the pledging institution or by its trust department or agent in other than the District's name	14,290,238
Uninsured and uncollateralized	9,521,887
Balance exposed to custodial credit risk	<u>\$ 24,062,215</u>
Total bank balances	<u>\$ 24,062,215</u>
Carrying Amount	<u>\$ 23,849,951</u>

Collateral Pledged

NM 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, and one hundred two percent of the amount in overnight repurchase accounts on deposit with the institution. The schedule listed in the table of contents of this report will meet the State of New Mexico Office of the State Auditor's requirements in reporting the insured portion of the deposits.

**STATE OF NEW MEXICO**  
**Jal Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2019**

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

Reconciliation to the Statements of Net Position

The carrying amount of deposits shown above are included in the District's balance sheet as follows:

	District
Carrying amount - deposits	\$ 23,744,640
Amounts included in agency funds	(205,714)
Checks Held for payroll related expenses	105,311
Total	<u>\$ 23,644,237</u>
Included in the following balance sheet captions:	
Cash and cash equivalents	<u><u>\$ 23,644,237</u></u>

*Interest Rate Risk* – The District does not currently have an investment policy to minimize interest rate risk.

*Credit Risk* – As previously stated, State statutes allow the District to invest funds in a wide variety of instruments. However, at June 30, 2019 the District had limited the majority of its investments to those backed by the full faith and credit of the United States government. In addition, the investments in agencies of the United States were rated AAAM by Standard & Poor's.

*Custodial Credit Risk* - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District requires all investment securities to be held in third-party safekeeping by an institution acceptable to the District. The safekeeping institution is required to issue a safekeeping receipt or book entry notice to the District listing the specific instrument, rate, amount, maturity date, instrument number, term and other pertinent information. In addition, any financial institution holding securities for the benefit of the District is required to provide insurance sufficient to cover 100% of the securities.

*Concentration of Credit Risk* - The District places no limit on the amount the District may invest in any one issuer. However, as previously illustrated, 100% of the District's investments are backed by the full faith and credit of the United States government. These types of investments are considered to have minimal risk associated with them.

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**NOTE 4: RECEIVABLES**

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

	General	Maddox Foundation	SB - 9 Local	Debt Service	Other	Total
Receivables:						
Property taxes	\$ 258,097	\$ -	\$ 1,033,137	\$ 1,871,645	\$ -	\$ 3,162,879
Due from other Govts	-	67,607	-	-	224,047	291,654
Total	<u>\$ 258,097</u>	<u>\$ 67,607</u>	<u>\$ 1,033,137</u>	<u>\$ 1,871,645</u>	<u>\$ 224,047</u>	<u>\$ 3,454,533</u>

**NOTE 5: INTERFUND RECEIVABLES AND TRANSFERS**

Interfund balances represent advances to funds that receive grants on a reimbursement basis and balances for payment of expenses by the receiving fund. The composition of interfund balances during the year ended June 30, 2019 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Title I	\$ 23,174
General Fund	IDEA-B Entitlement	53,677
General Fund	IDEA-B PreSchool	4,022
General Fund	IDEA-B Early Intervention	24,000
General Fund	IDEA-B Results Plan	5,166
General Fund	Teacher/Principal Training	3,498
General Fund	REAP	2,894
General Fund	Senate Bill - 9 State	107,616
Total		<u>\$ 224,047</u>

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**NOTE 6: CAPITAL ASSETS**

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

GOVERNMENTAL ACTIVITIES

	Balance				Balance
	June 30, 2018	Adjustments	Additions	Retirements	June 30, 2019
Capital Assets not being Depreciated					
Land	\$ 844,566	\$ -	\$ -	\$ -	\$ 844,566
Construction in Progress	42,705,873	(19,289,869)	7,541,329	-	30,957,333
Works of Art	12,740	-	-	-	12,740
Total Assets not being Depreciated	43,563,179	(19,289,869)	7,541,329	-	31,814,639
Capital Assets being Depreciated					
Buildings and Improvements	25,723,874	19,289,869	25,486	-	45,039,229
Equipment and Vehicles	2,707,412	-	857,435	107,445	3,457,402
Total Assets being Depreciated	28,431,286	19,289,869	882,921	107,445	48,496,631
LESS: Accumulated Depreciation					
Buildings and Improvements	13,767,417	-	1,275,220	-	15,042,637
Equipment and Vehicles	1,866,759	-	345,299	77,778	2,134,280
Total Accumulated Depreciation	15,634,176	-	1,620,519	77,778	17,176,917
Total Net Capital Assets	\$ 56,360,289	\$ -	\$ 6,803,731	\$ 29,667	\$ 63,134,353

Depreciation expense for the year ended June 30, 2019 was not Allocated due to not having reliable information for Basis of Allocation.



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**NOTE 7: LONG – TERM DEBT**

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

SERIES	G.O.	ORIGINAL AMOUNT	INTEREST RATES	BEGINNING BALANCE	PAYMENTS	RECEIPTS	ENDING BALANCE	AMOUNT DUE IN ONE YEAR
2015		9,500,000	2.00%-3.00%	7,800,000	200,000	-	7,600,000	100,000
2016		18,000,000	2.00%-3.00%	17,165,000	985,000	-	16,180,000	1,145,000
2017		19,500,000	3.00%-5.00%	19,500,000	-	-	19,500,000	880,000
		<u>47,000,000</u>		<u>44,465,000</u>	<u>1,185,000</u>	-	<u>43,280,000</u>	<u>2,125,000</u>

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**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:

<u>Fiscal Year</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2020	\$ 2,125,000	\$ 1,252,319	\$ 3,377,319
2021	2,175,000	1,181,069	3,356,069
2022	2,235,000	1,107,944	3,342,944
2023	2,295,000	1,035,044	3,330,044
2024	2,350,000	962,569	3,312,569
2025-2029	12,715,000	3,690,570	16,405,570
2030-2034	14,005,000	1,835,566	15,840,566
2035-2036	5,380,000	174,494	5,554,494
	<u>\$ 43,280,000</u>	<u>\$ 11,239,575</u>	<u>\$ 54,519,575</u>

**Legal Debt Margin**

The legal debt margin is specified by Article IX Section 11 of the Constitution of the State of New Mexico as not greater than 6% of the assessed value of the taxable property within the School District. Based on these criteria, the maximum general obligation debt permissible is \$104,214,486 including \$43,280,000 debt outstanding based on the 2018 valuation.

Total interest expense on outstanding bonds for the year ended June 30, 2019 was \$1,293,194.

Changes in long-term liabilities – During the year ended June 30, 2019, the following changes occurred in liabilities reported in the general obligation bonds and compensated absences.

<u>Balance</u> <u>June 30,</u> <u>2018</u>	<u>Vacation</u> <u>Used</u>	<u>Vacation</u> <u>Accrued</u>	<u>Balance</u> <u>June 30,</u> <u>2019</u>	<u>Amount Due in</u> <u>One Year</u>
\$ 34,737	\$ 21,958	\$ 36,098	\$ 48,877	\$ 48,877

Compensated absences typically have been liquidated in the general and other governmental funds.

**NOTE 8: RISK MANAGEMENT**

The District is a member of the New Mexico Public School Insurance Authority (NMPSIA). NMPSIA 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.

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**NOTE 8: RISK MANAGEMENT – (continued)**

The NMPSIA provides property damage coverage at a maximum of \$500,000,000 for 2017-2018 as stated in the annual budget notice. The maximum deductible is \$15,000 with a maximum out of pocket of \$60,000 which when reached will then default to \$750 for the remainder of the policy period. 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 are 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, Money Orders and Money and Securities, which include a \$750 deductible.

In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2018, there have been no claims that have exceeded insurance coverage.

**NOTE 9: EMPLOYEE RETIREMENT PLAN**

**General Information about the Pension Plan**

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

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

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

All accumulated assets are held by the Plan in trust to pay benefits, including refunds of contributions as defined in the terms of the Plan. Eligibility for membership in the Plan is a condition of employment, as defined in Section 22-11-2, NMSA 1978. Employees of public schools, universities, colleges, junior colleges, technical-vocational institutions, state special schools, charter schools, and state agencies providing an educational program, who are employed more than 25% of a full-time equivalency, are required to be members of the Plan, unless specifically excluded.

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

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

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

**NOTE 9: EMPLOYEE RETIREMENT PLAN (continued)**

- 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 July 1, 2010 is as follows:

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

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

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

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

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

- **Option A – Straight Life Benefit** – The single life annuity option has no reductions to the monthly benefit, and there is no continuing benefit due to a beneficiary or estate, except the balance, if any, of member contributions plus interest less benefits paid prior to the member's death.
- **Option B – Joint 100% Survivor Benefit** – The single life annuity monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the same benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased 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 9: EMPLOYEE RETIREMENT PLAN (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 a member reaches age 65 (Tier 1 and Tier 2) or age 67 (Tier 3).

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

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

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

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

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

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

The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. For the fiscal years ended June 30, 2019 and 2018, the District paid employee and employer contributions of \$419,509 and \$406,297, which equal the amount of the required contributions for each fiscal year.

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**NOTE 9: EMPLOYEE RETIREMENT PLAN (continued)**

***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 \$12,437,143 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the Board on April 21, 2017. There were no other significant events of changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2018. Therefore, the employer's portion was established as of the measurement date of June 30, 2017. 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 0.10459%, which was an increase of 0.00518% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$2,309,148. At June 30, 2019, District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of Resources	Deferred inflows of Resources
Difference between expected and actual experience	\$ 9,077	\$ 236,699
Changes of assumptions	2,563,236	
Net difference between projected and actual earnings on pension plan	27,533	
Changes in proportion and differences between contributions and proportionate share of contributions	539,811	-
District's contributions subsequent to the measurement date	419,509	
Total	<u>\$ 3,559,166</u>	<u>\$ 236,699</u>

\$3,559,166 reported as deferred outflows of resources related to pensions resulting from employer's name's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 1,752,211
2020	\$ 1,102,149
2021	\$ 48,238
2022	\$ 362

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**NOTE 9: EMPLOYEE RETIREMENT PLAN (continued)**

*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	2.50%
Salary increases	3.25% composed of 2.50% inflation, plus a 0.75% productivity increase rate, plus a step-rate promotional increase for members with less than 10 years of service.
Investment rate of return	7.25% compounded annually, net of expenses. This is made up of a 2.50% inflation rate and a 4.75 real rate of return.
Single Discount Rate	5.69%
Mortality	<p><b>Healthy males:</b> Based on the RP-2000 Combined Healthy Mortality Table with White Collar adjustments, not set back. Generational mortality improvements with Scale BB from the table's base year of 2000.</p> <p><b>Healthy females:</b> 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.</p> <p><b>Disabled males:</b> RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB.</p> <p><b>Disabled females:</b> RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.</p> <p><b>Active members:</b> 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.</p>
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.

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**NOTE 9: EMPLOYEE RETIREMENT PLAN (continued)**

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

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

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equities	33%	
Fixed income	26%	
Alternatives	39%	
Cash	1%	
Total	100%	7.25%

*Discount rate.* A single discount rate of 5.69% was used to measure the total pension liability as of June 30, 2018. This 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%, net of expense. 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 this single discount rate assumed that plan member and employer contributions will be made at the current statutory levels.



**NOTE 9: EMPLOYEE RETIREMENT PLAN (continued)**

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

	1% Decrease (4.69%)	Current Discount Rate (5.69%)	1% Increase (6.69%)
District's proportionate share of the net pension liability	\$ 16,163,523	\$ 12,437,143	\$ 9,396,650

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

**NOTE 10: POST-EMPLOYMENT BENEFITS-STATE RETIREE HEALTH CARE PLAN**

**General Information about the OPEB**

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

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

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

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**NOTE 10: POST-EMPLOYMENT BENEFITS-STATE RETIREE HEALTH CARE PLAN – (continued)**

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

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

**Contributions** – Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee's salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer's participation in the Fund. Contributions to the Fund from the District were \$60,298 for the year ended June 30, 2019.

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

At June 30, 2019, the District reported a liability of \$2,976,449 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2018. At June 30, 2018, the District's proportion was 0.06845 percent.

For the year ended June 30, 2019, the District recognized OPEB expense of \$20,361. At June 30, 2019 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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**NOTE 10: POST-EMPLOYMENT BENEFITS-STATE RETIREE HEALTH CARE PLAN – (continued)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 176,225
Changes of assumptions	-	555,690
Differences between actual and projected earnings on OPEB plan investments	-	37,145
Contributions made after the measurement date	60,298	-
Changes in proportion	114,763	-
Total	<u>\$ 175,061</u>	<u>\$ 769,060</u>

Deferred outflows of resources totaling \$175,061 represent District contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:	
2020	\$ (171,087)
2021	(171,087)
2022	(171,087)
2023	(126,585)
2024	(14,451)
Total	<u>\$ (654,297)</u>

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

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

STATE OF NEW MEXICO  
 Jal Public Schools  
 Notes to the Financial Statements  
 June 30, 2019

**NOTE 10: POST-EMPLOYMENT BENEFITS-STATE RETIREE HEALTH CARE PLAN – (continued)**

Mortality ERB members: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females)

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

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

Asset Class	Target Allocation	Long-Term Rate of Return
U.S. core fixed income	20%	2.10%
U.S. equity - large cap	20%	7.10%
Non U.S. - emerging markets	15%	10.20%
Non U.S. - developed equities	12%	7.80%
Private Equity	10%	11.80%
Credit and structured finance	10%	5.30%
Real Estate	5%	4.90%
Absolute Return	5%	4.10%
U.S. equity - small/mid cap	3%	7.10%

**Discount Rate.** The discount rate used to measure the Fund's total OPEB liability is 3.81% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2028. 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, 3.87% was applied and 4.08% is the blended discount rate.

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

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 Notes to the Financial Statements  
 June 30, 2019

**NOTE 10: POST-EMPLOYMENT BENEFITS-STATE RETIREE HEALTH CARE PLAN – (continued)**

	Current	
1% Decrease	Discount	1% Increase
<u>(3.08%)</u>	<u>Rate (4.08%)</u>	<u>(5.08%)</u>
\$ 3,602,204	\$ 2,976,449	\$ 2,483,214

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:

	Current	
<u>1% Decrease</u>	<u>Trend Rates</u>	<u>1% Increase</u>
\$ 2,516,143	\$ 2,976,449	\$ 3,337,339

**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, 2017.

**Payable Changes in the Net OPEB Liability.** At June 30, 2019, the District had no liability for outstanding contributions due to NMRHCA for the year ended June 30, 2019.

**NOTE 11: COMMITMENTS AND 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.

From time to time 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**  
**Jal Public Schools**  
**Notes to the Financial Statements**  
**June 30, 2019**

**NOTE 12: OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES**

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

Deficit fund balance of individual funds.

None

Excess of expenditures over appropriations.

For the fiscal year ended June 30, 2019, expenditures exceed appropriations in the following funds:

None.

Designated cash appropriations in excess of available balances:

None.

**NOTE 13: JOINT POWERS AGREEMENTS**

Jal Public School is part of a joint powers agreement with the Lea Regional Education Cooperation #7 (REC). The REC administers that following programs listed below for the District. The financial statements for these funds have been prepared separately and are available at the REC.

The agreement is to remain in effect until the end of any fiscal year during which the District gives notice of intent to terminate.

The REC is responsible for their audit. The information is available at the Lea Regional Education Cooperation, 315 East Clinton, Hobbs, New Mexico 88240.

Jal Public School is a member of the Lea County Distance Education Consortium. Other members include all school districts in Lea County, Eastern New Mexico University and New Mexico Junior College. The purpose of the Consortium is to purchase and maintain a two-way interactive television network to provide educational services between each of the members. The District contributed \$4,500 this fiscal year.

This agreement shall continue as mutually agreeable by all parties.

The New Mexico Junior College is responsible for their audit. The information is available at the New Mexico Junior College, 5317 N. Lovington Hwy, Hobbs, New Mexico 88240.

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

**NOTE 14: RESTATEMENT OF FUND BALANCE AND NET POSITION**

**Fund Balance Restatement**

The summaries of the restatements are as follow:

June 30, 2018 Fund balance –Transportation	\$ 449
Restatement: To record Refund of PED	<u>(225)</u>
July 1, 2018 Fund Balance – Transportation	<u>\$ 224</u>

**Net Position Restatement**

The Net Position of the government-wide financial statements was also restated for \$256,508. This restatement is made up of two decreases, one decrease of \$225 for the refund to PED for Transportation. The second decrease is a prior year adjustment in the accrued interest payable in Debt Service of \$256,283.

June 30, 2018 Net Position	\$ 16,955,039
Restatement: To record refund \$225 to PED from Transportation	<u>(225)</u>
Restatement: To record prior year increase in accrued interest payable in debt service fund	<u>(256,283)</u>
July 1, 2018 Net Position - Restated	<u>\$ 16,698,531</u>

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

**NOTE 15: SUBSEQUENT PRONOUNCEMENTS**

In May 2017, GASB issued Government Accounting Standards Board Statement No. 90, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization. The provisions of this pronouncement are effective for reporting periods beginning after December 15, 2018. The pronouncement is expect to have little to no effect on the District in upcoming years.

In November 2016, GASB issued Government Accounting Standards Board Statement No. 83, Certain Asset Retirement Obligations, to address accounting and financial reporting for certain asset retirement obligations. The provisions of this pronouncement are effective for reporting periods beginning after June 15, 2018. In January 2017, GASB issued Government Accounting Standards Board Statement No. 84, Fiduciary Activities, to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The provisions of this pronouncement are effective for reporting periods beginning after December 15, 2018. In June 2017, GASB issued Government Accounting Standards Board Statement No. 87, Leases, to provide guidance on accounting and financial reporting for leases by governments. The provisions of this pronouncement are effective for reporting periods beginning after December 15, 2019. In April 2018, GASB issued Government Accounting Standards Board Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, to improve the information that is disclosed in notes to government financial statements related to debt. The provisions of this pronouncement are effective for reporting periods beginning after June 15, 2018. In June 2018, GASB issued Government Accounting Standards Board Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, to (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) simplify accounting for interest cost incurred before the end of a construction period. The provisions of this pronouncement are effective for reporting periods beginning after December 15, 2019. The District is evaluating the effects on the financial statements of these pronouncements.

**NOTE 16: TAX ABATEMENT**

The City of Jal and Lea County have not entered into any tax abatement agreements that affect the District, therefore, there are no required disclosures under GASB 77.

**NOTE 17: SUBSEQUENT EVENTS**

Management review

The date to which events occurring after June 30, 2019, the date of the most recent Statement of Net Position, have been evaluated for possible adjustment to the financial statements and disclosures is November 13, 2019 which is the date on which the financial statements were available for release.



STATE OF NEW MEXICO  
JAL PUBLIC SCHOOLS  
NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS  
JUNE 30, 2019

ALL FUNDS – All funds were created by management directive.

Special Revenue Funds

Food Service – To account for all financial transactions related to the food service operation. Authority for the creation of this fund is the National School Lunch Act, as amended, 42 U.S.C. 1751, 1760, 1779.

ATHLETICS – This is an auxiliary fund to account for budgeted athletics of the school for activities that are considered to be non-instructional. Authority for the creation of this fund is NMAC 6.20.2.

TITLE I – The Title I project provides remedial instruction in language arts for educationally deprived students in low-income areas. The Federal Government through the New Mexico State Department of Education under the Elementary funds the project and Secondary Education Act of 1965, Title I, Chapter I, part A, 20 U.S.C. 2701 et seq. Reported as a special revenue fund.

IDEA-B Entitlement – To account for federal sources to assist in providing a free appropriate public education to all children with disabilities. The program is funded by the United States government, under the Individuals with Disabilities Education Act, Part B, Sections 611-617, and part D, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.

IDEA B – PRESCHOOL – To account for revenue received under the Preschool Public Act P.L. 99-457 for the purpose of providing special educational services to the developmentally delayed preschool children. This fund is federally funded and is restricted to expenditure by grant application. Required by the New Mexico State Department of Education Manual of Procedures for New Mexico School Districts to be accounted for as a separate fund.

IDEA B – RESULTS PLAN – To provide funding to schools for professional development, coaching, technical assistance, and additional funds to support school improvement targeted to early elementary reading achievement. Authority for this fund comes from the Individuals with Disabilities Act, Part B.

IDEA B – EARLY INTERVENTION – To account for a federal grant restricted to the operation and maintenance of meeting the special education needs of children with disabilities. (Authority, Individuals with Disabilities Act, Part B Sec 611, as amended; P.L. 91-230, 93-380, 94-142, 98-199, 99-457, 100-630, and 101-476; U.S.C. 1401-1419, P.L. 105-17)

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

REAP – To provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. The authority for the creation of this fund is the Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended.

2009 DUAL CREDIT INSTRUCTIONAL MATERIALS – This fund was created to account for funds provided to the District to pay for required textbooks and materials needed for dual credit activities. The authority and funding for this fund is provided under HB214 which amended Section 21-1-1.2 and Section 21-13-19 related to dual credit.

2012 G.O. BOND LIBRARY FUND SB-66 – This fund is used to account for the revenue and expenditures to acquire supplementary library books, equipment, and library resources for public schools and juvenile detention libraries statewide.

EXCELLENCE IN TEACHING – To account for the funding provided to pay salary supplements to be awarded to teachers that have met the criteria of New Mexico's most outstanding teachers. Funding provided through the New Mexico Public Education Department and the State of New Mexico Legislative appropriation.

NEW MEXICO HIGHWAY DEPARTMENT – To account for the funds provided by the New Mexico Highway Department to make parking lot improvements for the District. Authorized pursuant to NMSA 1978, Sections 67-3-28 and 67-3-28.2 and the State Transportation Commission Policy No. 44-12.

STATE OF NEW MEXICO  
JAL PUBLIC SCHOOLS  
NON-MAJOR GOVERNMENTAL FUND DESCRIPTIONS  
JUNE 30, 2019

Capital Projects Funds

Capital Improvements SB-9 – State – To account for resources received through Senate Bill 9 state match obtained for the purpose of building, remodeling, and equipping classroom facilities. Funding authority is the New Mexico Public Education Department.

STATE OF NEW MEXICO  
JAL PUBLIC SCHOOLS

COMBINING BALANCE SHEET--NON-MAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS  
JUNE 30, 2019

	SPECIAL REVENUE			
	CAFETERIA	ATHLETICS	TITLE I	ENTITLEMENT
<b>ASSETS</b>				
Cash	\$ 7,936	\$ 7,584	\$ -	\$ -
Due from Other Funds	-	-	-	-
Accounts Receivable	-	-	-	-
Due from Other Governments	-	-	23,174	53,677
Inventory	3,010	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 10,946</b>	<b>\$ 7,584</b>	<b>\$ 23,174</b>	<b>\$ 53,677</b>
<b>LIABILITIES</b>				
Due to other Funds	\$ -	\$ -	\$ 23,174	\$ 53,677
Accounts Payable	200	-	-	-
<b>TOTAL LIABILITIES</b>	<b>200</b>	<b>-</b>	<b>23,174</b>	<b>53,677</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue	-	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE</b>				
Non-spendable	3,010	-	-	-
Restricted	7,736	7,584	-	-
Unassigned	-	-	-	-
<b>TOTAL FUND BALANCE</b>	<b>10,746</b>	<b>7,584</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 10,946</b>	<b>\$ 7,584</b>	<b>\$ 23,174</b>	<b>\$ 53,677</b>

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

SPECIAL REVENUE

PRESCHOOL	EARLY INTERVENTION	RESULTS PLAN	TEACHER PRINCIPAL TRAINING	REAP	DUAL CREDIT INSTRUCTIONAL MATERIALS	EXCELLENCE IN TEACHING AWARD
\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,022	24,000	5,166	3,498	2,894	-	-
-	-	-	-	-	-	-
<u>\$ 4,022</u>	<u>\$ -</u>	<u>\$ 5,166</u>	<u>\$ -</u>	<u>\$ 2,894</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,022	\$ 24,000	\$ 5,166	\$ 3,498	\$ 2,894	\$ -	\$ -
-	-	-	-	-	-	-
<u>4,022</u>	<u>24,000</u>	<u>5,166</u>	<u>3,498</u>	<u>2,894</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 4,022</u>	<u>\$ 24,000</u>	<u>\$ 5,166</u>	<u>\$ 3,498</u>	<u>\$ 2,894</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATE OF NEW MEXICO  
JAL PUBLIC SCHOOLS

COMBINING BALANCE SHEET--NON-MAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS  
JUNE 30, 2019

	SPECIAL REVENUE	CAPITAL PROJECTS	
	NMDOT LGRF	SENATE BILL NINE STATE	TOTAL NONMAJOR FUNDS
<b>ASSETS</b>			
Cash	\$ 143,428	\$ -	\$ 158,948
Due from Other Funds	-	-	-
Accounts Receivable	-	-	-
Due from Other Governments	-	107,616	224,047
Inventory	-	-	3,010
<b>TOTAL ASSETS</b>	<b>\$ 143,428</b>	<b>\$ 107,616</b>	<b>\$ 386,005</b>
<b>LIABILITIES</b>			
Due to other Funds	\$ -	\$ 19,353	\$ 135,784
Accounts Payable	-	88,263	88,463
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>107,616</b>	<b>224,247</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Revenue	-	-	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE</b>			
Non-spendable	-	-	3,010
Restricted	143,428	-	158,748
Unassigned	-	-	-
<b>TOTAL FUND BALANCE</b>	<b>143,428</b>	<b>-</b>	<b>161,758</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 143,428</b>	<b>\$ 107,616</b>	<b>\$ 386,005</b>

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

STATE OF NEW MEXICO  
JAL PUBLIC SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS  
YEAR ENDED JUNE 30, 2019

	SPECIAL REVENUES			
	CAFETERIA	ATHLETICS	TITLE I	ENTITLEMENT
<b>REVENUE</b>				
Fees Activities	\$ 20,969	\$ 26,373	\$ -	\$ -
Interest Income	-	-	-	-
State Flow Through Grants	-	-	-	-
Donations	-	-	-	-
Local Grants	-	-	-	-
Federal Program	71,716	-	47,598	92,826
<b>TOTAL REVENUES</b>	<b>92,685</b>	<b>26,373</b>	<b>47,598</b>	<b>92,826</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	-	20,147	34,476	67,254
Support Services				
Support Services-Students	-	-	-	25,572
Support Services-Instruction	-	-	13,122	-
Support Services-General Administration	-	-	-	-
Support Services-School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services-Operations	95,030	-	-	-
Community Services-operations	-	-	-	-
Acquisition & Construction	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>95,030</b>	<b>20,147</b>	<b>47,598</b>	<b>92,826</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(2,345)</b>	<b>6,226</b>	<b>-</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
TRANSFERS IN/ TRANSFERS OUT	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change In Fund Balance</b>	<b>(2,345)</b>	<b>6,226</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE</b>				
Beginning Fund Balance June 30, 2018	13,091	1,358	-	-
Restatement	-	-	-	-
Restated Fund Balance June 30, 2018	13,091	1,358	-	-
<b>FUND BALANCE June 30, 2019</b>	<b>\$ 10,746</b>	<b>\$ 7,584</b>	<b>\$ -</b>	<b>\$ -</b>

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

SPECIAL REVENUE						
PRESCHOOL	EARLY INTERVENTION	RESULTS PLAN	TEACHER PRINCIPAL TRAINING	REAP	DUAL CREDIT INSTRUCTIONAL MATERIALS	EXCELLENCE IN TEACHING AWARD
\$ -	\$ -	\$ -		\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	1,423	10,765
-	-	-	-	-	-	-
-	-	-	-	-	-	-
12,889	24,000	20,138	5,941	27,251	-	-
12,889	24,000	20,138	5,941	27,251	1,423	10,765
-	-	20,138	3,691	21,249	1,423	10,765
4,493	-	-	-	-	-	-
-	-	-	-	-	-	-
-	24,000	-	2,250	-	-	-
8,396	-	-	-	-	-	-
-	-	-	-	6,002	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
12,889	24,000	20,138	5,941	27,251	1,423	10,765
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

STATE OF NEW MEXICO  
JAL PUBLIC SCHOOLS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS  
YEAR ENDED JUNE 30, 2019

	SPECIAL REVENUE	CAPITAL PROJECTS	TOTAL NONMAJOR FUNDS
	NMDOT LGRF	SENATE BILL NINE STATE	
<b>REVENUE</b>			
Fees Activities	\$ -	\$ -	\$ 47,342
Interest Income	-	-	-
State Flow Through Grants	202,255	180,895	395,338
Donations	-	-	-
Local Grants	-	-	-
Federal Program	-	-	302,359
<b>TOTAL REVENUES</b>	<b>202,255</b>	<b>180,895</b>	<b>745,039</b>
<b>EXPENDITURES</b>			
<b>Current</b>			
Instruction	-	-	179,143
Support Services	-	-	-
Support Services-Students	-	-	30,065
Support Services-Instruction	-	-	13,122
Support Services-General Administration	-	-	26,250
Support Services-School Administration	-	-	8,396
Central Services	-	-	6,002
Operation & Maintenance of Plant	58,827	-	58,827
Student Transportation	-	-	-
Other Support Services	-	-	-
Food Services-Operations	-	-	95,030
Community Services-operations	-	-	-
Acquisition & Construction	-	180,895	180,895
<b>TOTAL EXPENDITURES</b>	<b>58,827</b>	<b>180,895</b>	<b>597,730</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>143,428</b>	<b>-</b>	<b>147,309</b>
<b>OTHER FINANCING SOURCES (USES)</b>			<b>-</b>
<b>TRANSFERS IN/ TRANSFERS OUT</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL OTHER FINANCING     SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change In Fund Balance</b>	<b>143,428</b>	<b>-</b>	<b>147,309</b>
<b>FUND BALANCE</b>			
Beginning Fund Balance June 30, 2018	-	-	14,449
Restatement	-	-	-
Restated Fund Balance June 30, 2018	-	-	14,449
<b>FUND BALANCE June 30, 2019</b>	<b>\$ 143,428</b>	<b>\$ -</b>	<b>\$ 161,758</b>

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



STATE OF NEW MEXICO  
JAL PUBLIC SCHOOLS

COMBINING BALANCE SHEET – GENERAL FUND

June 30, 2019

	OPERATIONAL	TRANSPORTATION	INSTRUCTIONAL MATERIALS	TEACHERAGE	TOTALS
<b>ASSETS</b>					
Cash on Deposit	\$ 918,967	\$ 589	\$ 220	\$ 18,542	\$ 938,318
Due From Other Governments	-	-	-	-	-
Due from Other Funds	201,168	-	-	-	201,168
Taxes Receivable	258,097	-	-	-	258,097
<b>TOTAL ASSETS</b>	<b>\$ 1,378,232</b>	<b>\$ 589</b>	<b>\$ 220</b>	<b>\$ 18,542</b>	<b>\$ 1,397,583</b>
<b>LIABILITIES</b>					
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	113,734	-	-	373	114,107
<b>TOTAL LIABILITIES</b>	<b>113,734</b>	<b>-</b>	<b>-</b>	<b>373</b>	<b>114,107</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue	12,209	-	-	-	12,209
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>12,209</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,209</b>
<b>FUND BALANCE</b>					
Fund Balance					
Restricted	-	589	220	-	809
Unassigned	1,252,289	-	-	18,169	1,270,458
<b>TOTAL FUND BALANCE</b>	<b>1,252,289</b>	<b>589</b>	<b>220</b>	<b>18,169</b>	<b>1,271,267</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 1,378,232</b>	<b>\$ 589</b>	<b>\$ 220</b>	<b>\$ 18,542</b>	<b>\$ 1,397,583</b>

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

STATE OF NEW MEXICO  
JAL PUBLIC SCHOOLS

COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES  
IN FUND BALANCE -- GENERAL FUND

Year Ended June 30, 2019

	OPERATIONAL	TRANSPORTATION	INSTRUCTIONAL MATERIALS	TEACHERAGE	TOTALS
<b>REVENUE</b>					
Residential/Non-Residential Taxes	\$ 1,666,192	\$ -	\$ -	\$ -	\$ 1,666,192
Rent and Leases	-	-	-	23,790	23,790
Fees-Activities	11,410	-	-	-	11,410
State Equalization	3,460,067	-	-	-	3,460,067
State Flow Through Grants	-	-	-	-	-
State Programs	98,509	131,110	15,953	-	245,572
Impact Aid	-	-	-	-	-
Donations	97,500	-	-	-	97,500
Sale of Property/Equipment	-	-	-	-	-
Access Board	-	-	-	-	-
Refunds	8,368	-	-	-	8,368
<b>TOTAL REVENUES</b>	<b>5,342,046</b>	<b>131,110</b>	<b>15,953</b>	<b>23,790</b>	<b>5,512,899</b>
<b>EXPENDITURES</b>					
Instruction	2,610,804	-	23,847	-	2,634,651
Support Services					
Support Services-Students	238,444	-	-	-	238,444
Support Services-Instruction	85,389	-	-	-	85,389
Support Services-General Administration	260,349	-	-	-	260,349
Support Services-School Administration	344,256	-	-	-	344,256
Central Services	131,476	-	-	-	131,476
Operation & Maintenance of Plant	878,617	-	-	21,038	899,655
Student Transportation	1,292	130,745	-	-	132,037
Other Support Services	-	-	-	-	-
Food Services-Operations	87,908	-	-	-	87,908
Community Services-operations	70,810	-	-	-	70,810
Acquisition & Construction	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>4,709,345</b>	<b>130,745</b>	<b>23,847</b>	<b>21,038</b>	<b>4,884,975</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>632,701</b>	<b>365</b>	<b>(7,894)</b>	<b>2,752</b>	<b>627,924</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Refunds to PED	-	-	-	-	-
TRANSFERS IN/ TRANSFERS OUT	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change In Fund Balance</b>	<b>632,701</b>	<b>365</b>	<b>(7,894)</b>	<b>2,752</b>	<b>627,924</b>
<b>FUND BALANCE</b>					
June 30, 2018	619,588	449	8,114	15,417	643,568
Restatement	-	(225)	-	-	(225)
Restated Fund Balance June 30, 2018	619,588	224	8,114	15,417	643,343
<b>FUND BALANCE June 30, 2019</b>	<b>\$ 1,252,289</b>	<b>\$ 589</b>	<b>\$ 220</b>	<b>\$ 18,169</b>	<b>\$ 1,271,267</b>

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

STATE OF NEW MEXICO  
JAL PUBLIC SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--GENERAL FUND--OPERATIONAL

Year Ended June 30, 2019

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Residential/Non-Residential Taxes	\$ 509,398	\$ 1,509,677	\$ 1,509,677	\$ -
Fees Activities	-	5,171	11,410	6,239
State Equalization	3,866,626	4,494,358	3,460,067	(1,034,291)
State Flow Through Grants	224,552	224,552	98,509	(126,043)
Donations	-	-	97,500	97,500
Refunds	-	-	8,368	8,368
<b>TOTAL REVENUE</b>	<b>4,600,576</b>	<b>6,233,758</b>	<b>\$ 5,185,531</b>	<b>\$ (1,048,227)</b>
Cash Balance Budgeted	422,768	579,018		
<b>TOTAL REVENUE &amp; CASH</b>	<b>\$ 5,023,344</b>	<b>\$ 6,812,776</b>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Instruction	\$ 2,812,116	\$ 3,209,442	\$ 2,640,151	\$ 569,291
Support Services				
Support Services-Students	270,896	404,077	237,577	166,500
Support Services-Instruction	98,525	191,525	84,639	106,886
Support Services-General Administration	248,861	302,361	255,885	46,476
Support Services-School Administration	335,870	408,044	344,256	63,788
Central services	126,914	224,315	130,774	93,541
Operation & Maintenance of Plant	854,820	1,151,204	878,326	272,878
Student Transportation	1,770	14,681	1,292	13,389
Other Support Services	36,815	36,815	-	36,815
Food Services	43,470	132,759	87,908	44,851
Community Services	193,287	737,553	70,810	666,743
<b>TOTAL EXPENDITURES</b>	<b>\$ 5,023,344</b>	<b>\$ 6,812,776</b>	<b>\$ 4,731,618</b>	<b>\$ 2,081,158</b>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 5,185,531
Differences-Budget to GAAP	
Property tax Receivable	156,515
Prior Year Tax Receivable	-
Current Year Deferral	-
<b>Total Revenues (GAAP Basis)</b>	<b>\$ 5,342,046</b>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 4,731,618
Differences-budget to GAAP	
Prior Year Accounts Payable	(30,696)
Current Year Accounts Payable	8,423
<b>Total Expenditures (GAAP Basis)</b>	<b>\$ 4,709,345</b>

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

STATE OF NEW MEXICO  
JAL PUBLIC SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--GENERAL FUND--TRANSPORTATION

Year Ended June 30, 2019

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
State Flow Through Grants	\$ 131,110	\$ 131,110	\$ 131,110	\$ -
<b>TOTAL REVENUE</b>	<u>131,110</u>	<u>131,110</u>	<u>131,110</u>	<u>\$ -</u>
Cash Balance Budgeted	<u>-</u>	<u>224</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 131,110</u>	<u>\$ 131,334</u>		
<b>EXPENDITURES</b>				
Current				
Student Transportation	\$ 131,110	\$ 131,334	\$ 130,745	\$ 589
<b>TOTAL EXPENDITURES</b>	<u>\$ 131,110</u>	<u>\$ 131,334</u>	<u>\$ 130,745</u>	<u>\$ 589</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 131,110
Differences-Budget to GAAP	
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 131,110</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 130,745
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 130,745</u>

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

STATE OF NEW MEXICO  
JAL PUBLIC SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--GENERAL FUND--INSTRUCTIONAL MATERIALS

Year Ended June 30, 2019

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
REVENUE				
State Flow Through Grants	\$ 15,953	\$ 18,355	\$ 15,953	\$ (2,402)
TOTAL REVENUE	<u>15,953</u>	<u>18,355</u>	<u>\$ 15,953</u>	<u>\$ (2,402)</u>
Cash Balance Budgeted	<u>2,544</u>	<u>8,114</u>		
TOTAL REVENUE & CASH	<u>\$ 18,497</u>	<u>\$ 26,469</u>		
EXPENDITURES				
Current				
Instruction	\$ 18,497	\$ 26,469	\$ 23,847	\$ 2,622
TOTAL EXPENDITURES	<u>\$ 18,497</u>	<u>\$ 26,469</u>	<u>\$ 23,847</u>	<u>\$ 2,622</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 15,953
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ 15,953</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 23,847
Differences-budget to GAAP	
Total Expenditures (GAAP Basis)	<u>\$ 23,847</u>

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

STATE OF NEW MEXICO  
JAL PUBLIC SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--GENERAL FUND-TEACHERAGE FUND

Year Ended June 30, 2019

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Rent and Leases	\$ 18,000	\$ 18,000	\$ 23,790	\$ 5,790
Interest Income	-	-	-	-
<b>TOTAL REVENUE</b>	<u>18,000</u>	<u>18,000</u>	<u>\$ 23,790</u>	<u>\$ 5,790</u>
Cash Balance Budgeted	<u>4,720</u>	<u>15,931</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 22,720</u>	<u>\$ 33,931</u>		
<b>EXPENDITURES</b>				
Current				
Operation & Maintenance of Plant	\$ 22,720	\$ 33,931	\$ 21,179	\$ 12,752
<b>TOTAL EXPENDITURES</b>	<u>\$ 22,720</u>	<u>\$ 33,931</u>	<u>\$ 21,179</u>	<u>\$ 12,752</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 23,790
Differences-Budget to GAAP	

Total Revenues (GAAP Basis) \$ 23,790

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 21,179
Differences-budget to GAAP	
Prior Year Accounts Payable	(514)
Current Year Accounts Payable	373
Total Expenditures (GAAP Basis)	<u>\$ 21,038</u>

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

STATE OF NEW MEXICO  
JAL PUBLIC SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--CAPITAL PROJECTS FUND--SENATE BILL 9 LOCAL

Year Ended June 30, 2019

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Residential/Non-Residential Taxes	\$ 2,043,033	\$ 6,044,112	\$ 6,044,112	\$ -
Insurance Recoveries	-	1,480,780	1,480,780	-
<b>TOTAL REVENUE</b>	<u>2,043,033</u>	<u>7,524,892</u>	<u>\$ 7,524,892</u>	<u>\$ -</u>
Cash Balance Budgeted	<u>2,569,282</u>	<u>3,265,983</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 4,612,315</u>	<u>\$ 10,790,875</u>		
<b>EXPENDITURES</b>				
Current				
Support Services-General Administration	\$ -	\$ -	\$ -	\$ -
Acquisition & Construction	4,612,315	10,790,875	3,375,463	7,415,412
<b>TOTAL EXPENDITURES</b>	<u>\$ 4,612,315</u>	<u>\$ 10,790,875</u>	<u>\$ 3,375,463</u>	<u>\$ 7,415,412</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 7,524,892
Differences-Budget to GAAP	
Current Year Receivable	983,830
Prior Year Receivable	(357,714)
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 8,151,008</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 3,375,463
Differences-budget to GAAP	
Prior Year Accounts Payable	(93,313)
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 3,282,150</u>

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

STATE OF NEW MEXICO  
JAL PUBLIC SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
AND ACTUAL--CAPITAL PROJECTS FUND--BOND BUILDING

Year Ended June 30, 2019

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Interest Income	\$ -	\$ -	\$ -	\$ -
Refunds	-	-	-	-
Bond Proceeds	-	-	-	-
<b>TOTAL REVENUE</b>	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Cash Balance Budgeted	<u>5,117,048</u>	<u>6,037,304</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 5,117,048</u>	<u>\$ 6,037,304</u>		
<b>EXPENDITURES</b>				
Current				
Acquisition & Construction	\$ 5,117,048	\$ 6,037,304	\$ 6,037,303	\$ 1
<b>TOTAL EXPENDITURES</b>	<u>\$ 5,117,048</u>	<u>\$ 6,037,304</u>	<u>\$ 6,037,303</u>	<u>\$ 1</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ -
Differences-Budget to GAAP	
Total Revenues (GAAP Basis)	<u>\$ -</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 6,037,303
Differences-budget to GAAP	
Prior Year Accounts Payable	(1,026,098)
Total Expenditures (GAAP Basis)	<u>\$ 5,011,205</u>

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



STATE OF NEW MEXICO  
JAL PUBLIC SCHOOLS

STATEMENT OF REVENUE & EXPENDITURES--BUDGET (NON-GAAP)  
ACTUAL (NON GAAP BUDGETARY BASIS)--DEBT SERVICE FUND

Year Ended June 30, 2019

	ORIGINAL BUDGET	BUDGET	ACTUAL	VARIANCE Favorable (Unfavorable)
<b>REVENUE</b>				
Residential/Non-Residential Taxes	\$ 2,484,200	\$ 10,952,857	\$ 10,952,857	\$ -
<b>TOTAL REVENUE</b>	<u>2,484,200</u>	<u>10,952,857</u>	<u>\$ 10,952,857</u>	<u>\$ -</u>
Cash Balance Budgeted	<u>5,865,440</u>	<u>6,677,286</u>		
<b>TOTAL REVENUE &amp; CASH</b>	<u>\$ 8,349,640</u>	<u>\$ 17,630,143</u>		
<b>EXPENDITURES</b>				
<b>Current</b>				
Support Services-General Administration	\$ 8,000	\$ 18,000	\$ 13,657	\$ 4,343
Other Support Services	1,000	1,000	808	192
Principal	1,185,000	1,185,000	1,185,000	-
Interest and Finance Charges	1,299,119	1,379,513	1,299,119	80,394
Debt Service Reserve	5,856,521	15,046,630	-	15,046,630
<b>TOTAL EXPENDITURES</b>	<u>\$ 8,349,640</u>	<u>\$ 17,630,143</u>	<u>\$ 2,498,584</u>	<u>\$ 15,131,559</u>

Explanation of Difference between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures

**Sources/inflows of resources**

Actual amounts (budgetary basis)	\$ 10,952,857
Differences-Budget to GAAP	
Property tax Receivable	1,784,019
Prior Year Tax Receivables	(648,399)
<b>Total Revenues (GAAP Basis)</b>	<u>\$ 12,088,477</u>

**Uses/outflows of resources**

Actual amounts (budgetary basis)	\$ 2,498,584
Differences-budget to GAAP	
<b>Total Expenditures (GAAP Basis)</b>	<u>\$ 2,498,584</u>

The accompanying footnotes are integral part of these financial statements.

STATE OF NEW MEXICO  
JAL PUBLIC SCHOOLS  
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES-- AGENCY FUNDS

Year Ended June 30, 2019

	Balance 6/30/2018	ADDITIONS	DEDUCTIONS	Balance 6/30/2019
<b>ELEMENTARY</b>				
Educational Enhancement	\$ 7,410	\$ 19,694	\$ 22,397	\$ 4,707
Administration	410	5,250	5,660	-
STEM	280	-	-	280
Total Elementary	<u>8,100</u>	<u>24,944</u>	<u>28,057</u>	<u>4,987</u>
<b>JUNIOR &amp; SENIOR HIGH</b>				
Annual	-	1,660	923	737
Panther Invitational	-	7,200	4,136	3,064
Cheerleaders	6,890	11,217	11,883	6,224
Class of 2022	-	25	-	25
Educational Enhancement	3,274	28,392	25,616	6,050
Football Clearing Account	-	1,000	1,000	-
Gas Capital Relays	1,374	1,509	1,473	1,410
Senior Class	1,197	784	1,660	321
National Honor Society	2,285	1,787	3,228	844
District Clearing	214	7,866	8,080	-
Junior Class	760	20,328	15,827	5,261
STEM or Shop	33,878	32,500	35,603	30,775
Sports Booster	8,961	9,207	7,787	10,381
Sports Misc	12,638	47,318	39,484	20,472
Student Council	3,010	839	1,358	2,491
Technology Fund	77	198	250	25
Culinary	545	-	8	537
Jr High Athletics	100	-	-	100
Jr High Cheerleaders	766	1,022	878	910
Total Junior & Senior High	<u>75,969</u>	<u>172,852</u>	<u>159,194</u>	<u>89,627</u>
<b>SCHOLARSHIPS</b>				
Woolworth Scholarship	1,341	15,000	10,616	5,725
New Mexico Junior College	65,466	100	1,800	63,766
Owen Scholarship	718	-	500	218
Short Scholarship	22,491	-	1,100	21,391
RRR Ranch Scholarship	4,000	2,000	2,000	4,000
Twin Eagle Scholarship	10,000	5,000	5,000	10,000
GEO Scholarship	2,000	2,000	-	4,000
Fulco Scholarship	-	2,000	-	2,000
Total Scholarshios	<u>106,016</u>	<u>26,100</u>	<u>21,016</u>	<u>111,100</u>
Total All Activity Funds	<u>\$ 190,085</u>	<u>\$ 223,896</u>	<u>\$ 208,267</u>	<u>\$ 205,714</u>

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

STATE OF NEW MEXICO  
 JAL PUBLIC SCHOOLS

SCHEDULE OF PLEDGED COLLATERAL

JUNE 30, 2019

	TOTAL DEPOSITS	FDIC INSURANCE	UNINSURED DEPOSITS	COLLATERAL REQUIRED	COLLATERAL PLEDGED	UNINSURED & UNCOLLATERALIZED DEPOSITS	PLEDGED COLLATERAL DEFICIT
WELLS FARGO BANK	<u>\$ 24,062,215</u>	<u>\$ 250,000</u>	<u>\$ 23,812,215</u>	<u>\$ 11,906,108</u>	<u>\$ 14,290,328</u>	<u>\$ 9,521,887</u>	<u>\$ -</u>
COLLATERAL		MATURES					
FNMA3138WKK20	3,540,486	3/1/2047					
FNMA 3138WPSD7	<u>10,749,842</u>	5/1/2043					
	<u>\$ 14,290,328</u>						

COLLATERAL IS HELD AT MINNEAPOLIS, MINNESOTA

See Independent Auditor's Report

STATE OF NEW MEXICO  
 JAL PUBLIC SCHOOLS

BANK SUMMARY

JUNE 30, 2019

Bank	ACCT TYPE	FUND	BANK BALANCE	OUTSTANDING CHECKS	OUTSTANDING DEPOSITS	CASH BALANCE
Wells Fargo Bank	Checking	Operational/Multi Fund	\$ 23,846,929	\$ 202,692	\$ -	\$ 23,644,237
	Checking	Activity	215,286	9,572	-	205,714
<b>Total Wells Fargo Bank</b>			<u>24,062,215</u>	<u>212,264</u>	<u>-</u>	<u>23,849,951</u>
Amount on Deposit			<u>\$ 24,062,215</u>	<u>\$ 212,264</u>	<u>\$ -</u>	<u>\$ 23,849,951</u>

See Independent Auditor's Report

STATE OF NEW MEXICO  
JAL PUBLIC SCHOOLS

BANK RECONCILIATION

June 30, 2019

	OPERATIONAL	TRANSP.	FOOD SERVICES	ATHLETICS	FEDERAL PROJECTS	LOCAL/STATE ACCOUNT
Audited Net Cash						
JUNE 30, 2018	\$ 463,638	\$ 449	\$ 7,837	\$ 1,358	\$ -	\$ -
Investments	-	-	-	-	-	-
TOTAL CASH BALANCE						
JUNE 30, 2018	463,638	449	7,837	1,358	-	-
Add: Prior year void checks	-	-	-	-	-	-
2018-2019 Revenue	5,185,531	131,110	83,682	26,373	158,703	473,230
Loans in	97,273	-	-	-	116,431	65,384
Transfers In	-	-	-	-	-	-
TOTAL AVAILABLE CASH	5,746,442	131,559	91,519	27,731	275,134	538,614
Prior year void checks	-	-	-	-	-	-
2018-2019 Expenditures	4,731,618	130,745	83,583	20,147	230,642	342,407
Transfers Out	-	-	-	-	-	-
	4,731,618	130,745	83,583	20,147	230,642	342,407
NET CASH, JUNE 30, 2019	1,014,824	814	7,936	7,584	44,492	196,207
Cash On hand	-	-	-	-	-	-
Paid back to PED	-	(225)	-	-	-	-
Held Payroll Checks	105,311	-	-	-	-	-
Loans (Out) In	(201,168)	-	-	-	(44,493)	(52,779)
TOTAL CASH, JUNE 30, 2019	\$ 918,967	\$ 589	\$ 7,936	\$ 7,584	\$ (1)	\$ 143,428

See Independent Auditor's Report

<u>SB-9 LOCAL</u>	<u>ACTIVITIES</u>	<u>INSTRUCTIONAL MATERIALS</u>	<u>SB-9 STATE</u>	<u>TEACHERAGE</u>	<u>BOND BUILDING</u>	<u>DEBT SERVICE</u>
\$ 3,265,983	\$ 190,085	\$ 8,114	\$ -	\$ 15,931	\$ 6,037,304	\$ 6,677,286
-	-	-	-	-	-	-
3,265,983	190,085	8,114	-	15,931	6,037,304	6,677,286
7,524,892	223,896	15,953	73,279	23,790	-	10,952,857
-	-	-	19,353	-	-	-
10,790,875	413,981	24,067	92,632	39,721	6,037,304	17,630,143
3,375,463	208,267	23,847	92,632	21,179	6,037,303	2,498,584
-	-	-	-	-	-	-
<u>3,375,463</u>	<u>208,267</u>	<u>23,847</u>	<u>92,632</u>	<u>21,179</u>	<u>6,037,303</u>	<u>2,498,584</u>
7,415,412	205,714	220	-	18,542	1	15,131,559
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 7,415,412</u>	<u>\$ 205,714</u>	<u>\$ 220</u>	<u>\$ -</u>	<u>\$ 18,542</u>	<u>\$ 1</u>	<u>\$ 15,131,559</u>

STATE OF NEW MEXICO  
 JAL PUBLIC SCHOOLS  
 SCHEDULE OF THE PROPORTIONATE SHARE OF NET PENSION LIABILITY  
 Educational Retirement Board (ERB) Pension Plan

JUNE 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.10%	0.09941%	0.09469%	0.08711%	0.09472%
Proportionate share of the net pension liability	\$ 12,437,143	\$ 11,047,899	\$ 6,814,303	\$ 5,642,347	\$ 5,404,459
Covered Employee Payroll	\$ 3,018,050	\$ 2,922,997	\$ 2,830,983	\$ 2,703,068	\$ 2,474,004
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	412.09%	377.96%	240.70%	208.74%	218.45%
Plan fiduciary net position as a percentage of total pension liability	52.17%	52.95%	61.58%	63.97%	66.54%

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

STATE OF NEW MEXICO  
 JAL PUBLIC SCHOOLS  
 SCHEDULE OF CONTRIBUTIONS Educational Retirement Board (ERB) Pension Plan

JUNE 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 419,509	\$ 406,297	\$ 393,507	\$ 375,726	344165
Contributions in relation to the contractually required contribution	\$ 419,509	\$ 406,297	\$ 393,507	\$ 375,726	344165
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 3,018,050	\$ 2,922,997	2830983	\$ 2,703,068	\$ 2,474,004
Contributions as a percentage of covered-employee payroll	13.90%	13.90%	13.90%	13.90%	13.91%

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



STATE OF NEW MEXICO

JAL PUBLIC SCHOOLS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION: SCHEDULE OF THE PROPORTIONATE  
SHARE OF NET PENSION LIABILITY and SCHEDULE OF CONTRIBUTIONS Educational  
Retirement Board (ERB) Pension 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 3.50% to 3.00%, the payroll growth assumption from 3.50% to 3.00%, and the annual assumed COLA from 2.00% to 1.90%.

STATE OF NEW MEXICO  
 JAL PUBLIC SCHOOLS  
 OPEB REQUIRED SUPPLEMENTAL INFORMATION

for the YEAR ENDED JUNE 30, 2019

**SCHEDULE OF EMPLOYER'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**

	2019	2018
Employer's proportion of the net OPEB liability	0.06845%	0.06595%
Employer's proportionate share of the net OPEB liability	\$2,976,449	\$2,988,638
Employer covered-employee payroll	\$ 3,018,050	\$2,922,997
Employers proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	98.62%	102.25%
Plan fiduciary net position as a percentage of the total OPEB liability	13.14%	11.34%

**SCHEDULE OF CONTRIBUTIONS**

	2019	2018
Contractually required contribution	\$ 60,298	\$ 58,460
Contributions in relation to the contractually required contribution	\$ 60,298	\$ 58,460
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll	\$ 3,018,050	\$2,922,997
Contributions as a percentage of covered-employee payroll	2.00%	2.00%

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

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

**Changes in assumptions and methods.** Actuarial assumptions and methods are set by the Authority, based upon the recommendations made by the Authority's actuary. The total OPEB liability as June 30, 2018 was determined by an actuarial valuation as of June 30, 2017 that was rolled forward to a measurement date of June 30, 2018. For ERB members, the inflation rate assumptions was set at 2.50%. Projected payroll increases was set at 3.50% to 12.50%, based on years of service, including inflation. Investment rate of return is projected at 7.25%, net of investment expense and margin for adverse deviation including inflation. Health care cost trend rate was graded down from 8% to 4.5% over 14 years for Non-Medicare medical plan cost and graded down from 7.5% to 4.5% over 12 years for Medicare medical plan costs.

# Woodard, Cowen & Co.

Certified Public Accountants

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

Mr. Brian S. Colón, Esq  
New Mexico State Auditor  
Board of Education  
Jal Public Schools  
Jal, 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 budgetary comparison of the general fund and major special revenue fund, and the aggregate remaining fund information of Jal Public Schools, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Jal Public Schools' basic financial statements and have issued our report thereon dated November 13, 2019.

### Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2018-005, 2018-008, 2019-001, and 2019-002 that we consider to be significant deficiencies.

### Compliance and Other Matters

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

### Jal Public Schools' Response to Findings

**Portales:** PO Box 445, 118 E. 2<sup>nd</sup> Street Portales NM, 88130 Phone: 575-356-8564 Fax: 575-356-2453  
**Clovis:** PO Box 1874, 116 E. Grand Avenue Clovis NM, 88101 Phone: 575-762-3811 Fax: 575-762-3866

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Woodard, Cowen & Co.".

Woodard, Cowen & Company

Portales, New Mexico

November 13, 2019

State of New Mexico  
 Jal Public Schools  
 Schedule of Findings and Responses  
 For the Year Ended June 30, 2019

**SUMMARY OF AUDIT RESULTS**

Type of auditor's report issued Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? No

**Prior Year Audit Findings**

**Status**

2013-002 PED Cash Reports	Resolved
2017-002 New Hires	Resolved
2018-001 Stale Dated Checks	Resolved
2018-002 NMPSIA Insurance	Resolved
2018-003 ERB & RHCA	Resolved
2018-004 Personnel Files	Resolved
2018-005 Expenditures	Repeated and revised
2018-006 Budget Violation	Resolved
2018-007 Cash Appropriations in Excess of Available Cash Balances	Resolved
2018-008 Capital Asset Restatement	Repeated and revised

**Current Year Audit Findings**

**[2018-005] 2019-003 – Invoice date preceding Purchase order date – Significant deficiency – Control and compliance**

Statement of Condition: Out of 60 expenditure invoices test, 17 invoices were found to have an invoice date that preceding the purchase order dates. This is an improvement over the prior year.

Criteria: 6.20.2.14.E NMSA states the District shall verify that there is sufficient cash and budget available prior to disbursement of cash.

Cause: The purchase order was not created until the payment was due.

Effect: Approving spending without adhering to the purchase order process can lead to overspent budgets.

Recommendation: Management could even prepare a purchase order ahead of time based on a reasonable estimate.

Response: The District's business manager is the responsible party for the correction of this finding. As of the exit conference, the business manager had already sent communications throughout the District regarding correct purchasing procedures. The business manager expects compliance and correction to be immediate. The superintendent will be responsible for the enforcement.

**[2018-008] 2019-004 – Capital Asset inventory – Significant deficiency – Control and compliance**

Statement of Condition: The capital asset inventory detail does not agree with the reported amount. Management has made very little progress in the prior year corrective action plan for this finding.

Criteria: Under GASB 34, governmental entities are required to maintain an inventory and calculate depreciation on all capital assets over \$5,000.

Cause: The District's capital asset inventory is maintained on an Excel spreadsheet. This spreadsheet was maintained by the previous auditor. It appears that the spreadsheet does not begin with the correct beginning inventory when it was created.

Effect: The capital asset inventory was not available to substantiate the capital asset disclosure. Depreciation expense was not available for inclusion in the statement of activities.

State of New Mexico  
 Jal Public Schools  
 Schedule of Findings and Responses  
 For the Year Ended June 30, 2019

Recommendation: The District really needs to go back to the capital asset inventory maintained in the accounting software (Visions). The business manager should receive training on how to use this module. The Excel spreadsheet must be manually maintained and manually calculated each fiscal year to obtain the amount of depreciation. The Excel spreadsheet has too many opportunities for error.

Response: The business manager and superintendent will begin working on correcting the capital asset inventory right away. They will first exam and correct any additions and retirements stemming from the District's recent construction projects. The business manager will contact Visions for support in updating and utilizing the capital asset module. Due to the amount of construction and additions and gap in information from 2010 to 2015. This correction may take longer than the remainder of the 2019-2020 fiscal year.

**2019-001 – Activity fund deposits and the 24hour deposit rule – Significant deficiency and compliance**

Statement of Condition: During the testing of activity fund deposits, seven activity fund deposits were not deposited within 24 hours. A total of 33 deposits were tested.

Criteria: According to 6.20.2.11 B NMAC the District's management shall develop, establish and maintain a structure of internal accounting controls and written procedures to provide for the segregation of duties, a system of authorization and recording procedures, and sound accounting practices in performance of duties and functions. 6.20.2.14 C NMAC establishes cash control standards that state money received should be receipted and deposited in the bank within 24 hours or one banking day.

Cause: According the supporting documentation the teacher/sponsor of the activity did not submit the funds to the campus bookkeeper in time to be deposited with the 24-hour period or within on business day.

Effect: The District is in violation of the 24-hour deposit rule. The District has increased risk of fraud regarding its activity funds when collected funds remain on District property and not deposited into the bank.

Recommendation: While the District has centralized the control over the collection of funds, the District staff needs trained and reminded of the necessity of submitting collected funds in a timely manner.

Response: As of the exit conference, the business manager (responsible party) had already communicated to the secretaries regarding compliance with the 24-hour rule. Within a week of the exit conference (November 13, 2019), the business manager will communicate with sponsors, coaches, and teachers that all collections are to be turned in daily.

**2019-002 – Deposit posted to incorrect fund - Accounting procedures/controls (significant deficiency)**

Statement of Condition: During the testing of receivables and related revenues of grant programs, it was noted that a deposit was posted to the incorrect fund. A deposit for \$5,236 was posted to IDEA-B Preschool that should have been posted to IDEA-B Entitlement.

Criteria: Good internal control structures are to be designed to help lower risks of errors, irregularities and fraud within the accounting function per the New Mexico Public Education Manual of Procedures

Cause: The deposit was posted to fund number 24106 instead 24109. This may have been a simple keystroke error.

Effect: Not having internal control procedures in place that are working properly will lead to a much higher risk of errors, irregularities and the possibility of fraud.

Recommendation: The business manager needs to establish a method of checking input totals to an outside report such as the RFR report. The RFR report tracks receivables and receipts by fund.

Response: This error was corrected by the business manager during fieldwork. The business manager will begin reconciling receipts with RFR reports for the current year immediately and continue doing so moving forward.

STATE OF NEW MEXICO  
JAL PUBLIC SCHOOLS

Year Ended June 30, 2019

OTHER DISCLOSURES

AUDITOR PREPARED FINANCIAL STATEMENTS

These financial statements and related footnotes and supplemental information were prepared by the auditor. The auditor cannot be a part of the District's internal control; thus, the preparation of the report is not a substitute for managements internal control and is not considered in the auditors' evaluation of the severity of the internal control deficiency.

EXIT CONFERENCE

An Exit Conference was held on November 13, 2019. Present were Brian Snider, Superintendent; Nichole Herrera, Business Manager; and Jamie Earp, Board of Education Secretary. Our firm was represented by Gayland Cowen, CPA and John P. McKinley, Jr., CPA. Also present was members of the District's audit committee, Carolyn Swain and Lisa Acosta.