

**STATE OF NEW MEXICO**  
**MAGDALENA MUNICIPAL SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**JUNE 30, 2019**



## **INTRODUCTORY SECTION**

ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2019  
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**OFFICIAL ROSTER  
JUNE 30, 2019**

<b><u>Name</u></b>		<b><u>Title</u></b>
	<b><u>Board of Education</u></b>	
Sharon Harris		President
Kelby Stephens		Vice President
Lynn Major		Secretary
Linda Montoya		Member
Marva Brunson		Member
	<b><u>School Officials</u></b>	
Dr. Glenn Haven		Superintendent
R. Dorothy Guterrez		Business Manager
Keri James		Federal/State Programs Coordinator

**FINANCIAL SECTION**



## **INDEPENDENT AUDITORS' REPORT**

Brian Colón  
New Mexico State Auditor  
The Office of Management and Budget  
To the Board of Education  
Magdalena Municipal School District  
Magdalena, 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 funds and major special revenue funds of Magdalena Municipal School District, New Mexico, as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, and the aggregate remaining fund information, and the budgetary comparisons for the general funds and major special revenue funds of Magdalena Municipal School District, New Mexico, as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplemental Information*

Accounting principles generally accepted in the United States of America also require that the Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions on page 49 and the Net OPEB Liability and Schedule of Contributions on page 50 be represented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standard 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. Our opinion on the basic financial statements is not affected by this missing information.

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the Magdalena Municipal School District's basic financial statements. Our audit was conducted for the purpose of forming opinions on the basic financial statements and the combining and individual fund financial statements and budgetary comparisons. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code Federal regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements. The additional schedules listed as "Other Supplemental Information" in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is 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 11, 2019 on our consideration of District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

McCabe CPA Group, LLC

*McCabe CPA Group, LLC*

Albuquerque, New Mexico  
November 11, 2019



**BASIC**  
**FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
**MAGDALENA MUNICIPAL SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

Exhibit A-1  
 (Page 1 of 2)

	<u><b>Governmental Activities</b></u>
<b>ASSETS</b>	
Current assets	
Cash and temporary investments	\$ 450,489
Receivables (net of allowance for uncollectible)	617,394
Inventory	2,639
Total current assets	<u>1,070,522</u>
Noncurrent assets	
Capital assets (net of accumulated depreciation):	
Land improvements	69,672
Buildings and building improvements	16,964,854
Furniture, fixtures and equipment	1,543,147
Less: accumulated depreciation	<u>(9,606,247)</u>
Total noncurrent assets	<u>8,971,426</u>
Total assets	<u>\$ 10,041,948</u>
<b>Deferred Outflows of Resources</b>	
Related to pension	2,526,606
Related to OPEB	-

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**MAGDALENA MUNICIPAL SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

Exhibit A-1  
 (Page 2 of 2)

		<u><b>Governmental Activities</b></u>
<b>LIABILITIES</b>		
Accrued compensated absences	\$	152,454
Accrued interest		12,253
Deferred Revenue		6,056
Noncurrent liabilities:		
Net pension liability		11,976,949
OPEB liability		2,866,435
Bonds due within one year		210,000
Bonds due in more than one year		1,010,000
Total liabilities		<u>16,234,147</u>
<b>Deferred Inflows of Resources</b>		
Related to property taxes		-
Related to pension		893,236
Related to OPEB		1,144,598
<b>NET POSITION</b>		
Net investment in capital assets		7,751,426
Restricted for:		
Debt service		275,763
Capital projects		133,521
Unrestricted		<u>(13,864,137)</u>
Total net position		<u><u>(5,703,427)</u></u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**MAGDALENA MUNICIPAL SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Service</u>
<b>Primary Government</b>		
Governmental activities:		
Instruction	\$ 5,409,719	\$ 26,723
Support services:		
Students	628,756	-
Instruction	209,140	-
General Administration	298,037	-
School Administration	464,711	-
Central Services	164,457	-
Operation & Maintenance of Plant	679,104	10,150
Student Transportation	331,334	-
Food Services Operation	265,391	10,560
Community Services	6,600	-
Other Support Services	-	-
Depreciation - unallocated	115,469	-
Interest on long-term debt	20,759	-
	<u>                    </u>	<u>                    </u>
Total Primary Government	<u>\$ 8,593,477</u>	<u>\$ 47,433</u>

The accompanying notes are an integral part of these financial statements

<b>Program Revenues</b>		<b>Net</b>
<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>(Expenses) Revenues and Changes in Net Position</b>
\$ 1,514,550	\$ -	\$ (3,868,446)
-	-	(628,756)
20,586	-	(188,554)
-	-	(298,037)
89,659	-	(375,052)
-	-	(164,457)
538,409	70,827	(59,718)
282,939	-	(48,395)
232,887	-	(21,944)
-	-	(6,600)
-	-	-
-	-	(115,469)
-	-	(20,759)
<u>\$ 2,679,030</u>	<u>\$ 70,827</u>	<u>\$ (5,796,187)</u>

**General Revenues:**

Property taxes:	
Levied for general purposes	\$ 11,043
Levied for debt service	243,949
Levied for capital projects	58,166
State Equalization Guarantee	3,237,885
Interest	-
Miscellaneous	13,310
	<u>3,564,353</u>
Total general revenues	<u>3,564,353</u>
Change in net position	(2,231,834)
Net position - beginning	<u>(3,471,593)</u>
Net position - ending	<u>\$ (5,703,427)</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**MAGDALENA MUNICIPAL SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

	Operational 11000	Teachergage 12000	Transportation 13000	Instructional Materials 14000	Title I IASA 24101
<b>ASSETS</b>					
<i>Current Assets</i>					
Cash and temporary investments	\$ 66,041	\$ 19,190	\$ -	\$ 8,704	\$ -
Accounts receivable					
Taxes	573	-	-	-	-
Due from other governments	-	-	-	-	174,422
Interfund receivables	606,431	-	-	-	-
Inventory	-	-	-	-	-
<i>Total assets</i>	<u>673,045</u>	<u>19,190</u>	<u>-</u>	<u>8,704</u>	<u>174,422</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<i>Current Liabilities:</i>					
Interfund payables	-	-	-	-	174,422
Deferred revenue - property taxes	260	-	-	-	-
Deferred revenue - other	-	-	-	-	-
<i>Total liabilities</i>	<u>260</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>174,422</u>
<i>Fund balances</i>					
Fund Balance:					
Nonspendable	-	-	-	-	-
Restricted for:					
General Fund	-	19,190	-	8,704	-
Special revenue	-	-	-	-	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	672,785	-	-	-	-
<i>Total fund balance</i>	<u>672,785</u>	<u>19,190</u>	<u>-</u>	<u>8,704</u>	<u>-</u>
<i>Total liabilities and fund balance</i>	<u>\$ 673,045</u>	<u>\$ 19,190</u>	<u>\$ -</u>	<u>\$ 8,704</u>	<u>\$ 174,422</u>

The accompanying notes are an integral part of these financial statements

Title I Direct Student Services 24193	NM Grown Fresh Fruit and Vegetables 27183	SB-9 Local 31701	Debt Service 41000	Other Governmental Funds	Total Primary Government
\$ -	\$ -	\$ 131,773	\$ 93,330	\$ 131,451	\$ 450,489
-	-	3,297	11,355	-	15,225
123,931	1,397	-	-	302,419	602,169
-	-	-	-	-	606,431
-	-	-	-	2,639	2,639
<u>123,931</u>	<u>1,397</u>	<u>135,070</u>	<u>104,685</u>	<u>436,509</u>	<u>1,676,953</u>
123,931	1,397	-	-	306,681	606,431
-	-	1,549	3,922	-	5,731
-	-	-	-	325	325
<u>123,931</u>	<u>1,397</u>	<u>1,549</u>	<u>3,922</u>	<u>307,006</u>	<u>612,487</u>
-	-	-	-	2,639	2,639
-	-	-	-	-	27,894
-	-	-	-	131,451	131,451
-	-	133,521	-	-	133,521
-	-	-	100,763	-	100,763
-	-	-	-	-	-
-	-	-	-	(4,587)	668,198
<u>-</u>	<u>-</u>	<u>133,521</u>	<u>100,763</u>	<u>129,503</u>	<u>1,064,466</u>
<u>\$ 123,931</u>	<u>\$ 1,397</u>	<u>\$ 135,070</u>	<u>\$ 104,685</u>	<u>\$ 436,509</u>	<u>\$ 1,676,953</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**MAGDALENA MUNICIPAL SCHOOL DISTRICT**  
**GOVERNMENTAL FUNDS**

Exhibit B-1  
 (Page 2 of 2)

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
 JUNE 30, 2019

	Governmental Funds
Amounts reported for governmental activities in the statement of net assets are different because:	
Fund balances - total governmental funds	\$ 1,064,466
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,971,426
Other long-term assets are not available to pay for current period expenditures and therefore are not reported in the funds	
Deferred Outflow of Resources - pension	2,526,606
Deferred Outflow of Resources - OPEB	-
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
Accrued interest	(12,253)
Current portion general obligation bonds	(210,000)
Deferred Inflow of Resources - pension	(893,236)
Deferred Inflow of Resources - OPEB	(1,144,598)
Pension Liability	(11,976,949)
OPEB Liability	(2,866,435)
Accrued compensated absences	(152,454)
General obligation bonds	(1,010,000)
Net Position-total Governmental Activities	\$ (5,703,427)

The accompanying notes are an integral part of these financial statements



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

	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000	Title I IASA 24101
<i>Revenues:</i>					
Property taxes	\$ 11,043	\$ -	\$ -	\$ -	\$ -
State grants	3,283,956	-	282,939	10,582	-
Federal grants	632,631	-	-	-	251,799
Miscellaneous	13,310	10,150	-	-	-
Charges for services	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total revenues</i>	<u>3,940,940</u>	<u>10,150</u>	<u>282,939</u>	<u>10,582</u>	<u>251,799</u>
<i>Expenditures:</i>					
<i>Current:</i>					
Instruction	1,953,615	-	-	9,761	180,325
Support Services					
Students	419,642	-	-	-	-
Instruction	199,837	-	-	-	-
General Administration	249,374	-	-	-	13,174
School Administration	308,761	-	-	-	58,300
Central Services	164,457	-	-	-	-
Operation & Maintenance of Plant	725,929	384	-	-	-
Student Transportation	-	-	282,948	-	-
Other Support Services	-	-	-	-	-
Food Services Operations	35,867	-	-	-	-
Community Service	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Bond issuance costs	-	-	-	-	-
<i>Total expenditures</i>	<u>4,057,482</u>	<u>384</u>	<u>282,948</u>	<u>9,761</u>	<u>251,799</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(116,542)</u>	<u>9,766</u>	<u>(9)</u>	<u>821</u>	<u>-</u>
<i>Other financing sources (uses):</i>					
Operating transfers	-	-	-	-	-
Proceeds from bond issues	-	-	-	-	-
Bond underwriter premiums	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	(116,542)	9,766	(9)	821	-
<i>Fund balances - beginning of year</i>	<u>789,327</u>	<u>9,424</u>	<u>9</u>	<u>7,883</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 672,785</u>	<u>\$ 19,190</u>	<u>\$ -</u>	<u>\$ 8,704</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements

Title I Direct Student Services 24193	NM Grown Fresh Fruit and Vegetables 27183	SB-9 Local 31701	Debt Service 41000	Other Governmental Funds	Total Primary Government
\$ -	\$ -	\$ 58,166	\$ 243,949	\$ -	\$ 313,158
-	4,024	-	-	293,211	3,874,712
181,605	-	-	-	1,040,260	2,106,295
-	-	-	-	-	23,460
-	-	-	-	44,018	44,018
-	-	-	-	-	-
<u>181,605</u>	<u>4,024</u>	<u>58,166</u>	<u>243,949</u>	<u>1,377,489</u>	<u>6,361,643</u>
177,905	-	-	-	737,012	3,058,618
-	-	-	-	209,114	628,756
-	-	-	-	9,303	209,140
3,700	-	1,819	2,086	27,884	298,037
-	-	-	-	97,650	464,711
-	-	-	-	-	164,457
-	-	-	-	-	726,313
-	-	-	-	10,875	293,823
-	-	-	-	-	-
-	4,024	-	-	219,160	259,051
-	-	-	-	6,600	6,600
-	-	26,259	-	87,473	113,732
-	-	-	175,000	-	175,000
-	-	-	20,759	-	20,759
-	-	-	-	-	-
<u>181,605</u>	<u>4,024</u>	<u>28,078</u>	<u>197,845</u>	<u>1,405,071</u>	<u>6,418,997</u>
-	-	30,088	46,104	(27,582)	(57,354)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	30,088	46,104	(27,582)	(57,354)
-	-	103,433	54,659	157,085	1,121,820
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 133,521</u>	<u>\$ 100,763</u>	<u>\$ 129,503</u>	<u>\$ 1,064,466</u>

The accompanying notes are an integral part of these financial statements

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

Exhibit B-2  
(Page 2 of 2)

	Governmental Funds
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	\$ (57,354)
<p>Capital Outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation exceeds capital outlays for the period.</p>	
Depreciation expense	(528,318)
Capital Outlays	66,757
Deferred Outflow of Resources - pension	(1,768,136)
Deferred Outflow of Resources - OPEB	(56,300)
Deferred Inflow of Resources - pension	(699,338)
Deferred Inflow of Resources - OPEB	(373,937)
Pension Liability	497,919
OPEB Liability	519,631
<p>The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:</p>	
Increase in accrued interest payable	(1,737)
Increase in accrued compensated absences	(6,021)
Bond Proceeds	-
Principal payments on bonds	175,000
Change in Net Position-total Governmental Activities	\$ (2,231,834)

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**MAGDALENA MUNICIPAL SCHOOLS**  
**GENERAL FUND**

Exhibit C-1

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDING JUNE 30, 2019

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ 10,970	\$ 10,970	\$ 10,628	\$ (342)
State grants	3,363,801	3,437,409	3,283,956	(153,453)
Federal grants	383,571	588,368	632,631	44,263
Miscellaneous	107	12,815	13,310	495
Interest	-	-	-	-
<i>Total revenues</i>	<u>3,758,449</u>	<u>4,049,562</u>	<u>3,940,525</u>	<u>(109,037)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	2,049,498	2,135,021	1,971,767	163,254
Support Services				
Students	472,830	481,283	419,642	61,641
Instruction	287,532	264,548	199,837	64,711
General Administration	264,004	285,024	249,374	35,650
School Administration	309,907	319,952	308,761	11,191
Central Services	167,378	172,864	164,457	8,407
Operation & Maintenance of Plant	759,617	884,003	725,929	158,074
Student Transportation	-	47,712	-	47,712
Other Support Services	14,933	14,933	-	14,933
Food Services Operations	40,545	52,017	35,867	16,150
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>4,366,244</u>	<u>4,657,357</u>	<u>4,075,634</u>	<u>581,723</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(607,795)</u>	<u>(607,795)</u>	<u>(135,109)</u>	<u>472,686</u>
<i>Other financing sources (uses):</i>				
Designated cash	607,795	607,795	-	(607,795)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>607,795</u>	<u>607,795</u>	<u>-</u>	<u>(607,795)</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>(135,109)</u>	<u>(135,109)</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>807,581</u>	<u>807,581</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 672,472</u>	<u>\$ 672,472</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			415	
Adjustments to expenditures			18,152	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ (116,542)</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**MAGDALENA MUNICIPAL SCHOOLS**  
**TEACHERAGE FUND**

Exhibit C-2

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 FOR THE YEAR ENDING JUNE 30, 2019

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	-	-	-
Miscellaneous	9,600	9,600	10,150	550
Interest	-	-	-	-
<i>Total revenues</i>	<u>9,600</u>	<u>9,600</u>	<u>10,150</u>	<u>550</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	16,799	16,799	384	16,415
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>16,799</u>	<u>16,799</u>	<u>384</u>	<u>16,415</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(7,199)</u>	<u>(7,199)</u>	<u>9,766</u>	<u>16,965</u>
<i>Other financing sources (uses):</i>				
Designated cash	7,199	7,199	-	(7,199)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>7,199</u>	<u>7,199</u>	<u>-</u>	<u>(7,199)</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>9,766</u>	<u>9,766</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>9,424</u>	<u>9,424</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,190</u>	<u>\$ 19,190</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ 9,766</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**MAGDALENA MUNICIPAL SCHOOLS**  
**TRANSPORTATION FUND**

Exhibit C-3

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
 FOR THE YEAR ENDING JUNE 30, 2019

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	282,939	282,939	282,939	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>282,939</u>	<u>282,939</u>	<u>282,939</u>	<u>-</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	282,939	282,944	282,943	1
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>282,939</u>	<u>282,944</u>	<u>282,943</u>	<u>1</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(5)</u>	<u>(4)</u>	<u>1</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	5	-	(5)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>5</u>	<u>-</u>	<u>(5)</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>(4)</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>4</u>	<u>4</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			(5)	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ (9)</u>	

The accompanying notes are an integral part of these financial statements

## STATE OF NEW MEXICO

Exhibit C-4

## MAGDALENA MUNICIPAL SCHOOLS

## INSTRUCTIONAL MATERIALS FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL  
FOR THE YEAR ENDING JUNE 30, 2019

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	10,582	11,435	10,582	(853)
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>10,582</u>	<u>11,435</u>	<u>10,582</u>	<u>(853)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	10,582	11,435	9,761	1,674
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>10,582</u>	<u>11,435</u>	<u>9,761</u>	<u>1,674</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>821</u>	<u>821</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>821</u>	<u>821</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>7,883</u>	<u>7,883</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,704</u>	<u>\$ 8,704</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			-	
Adjustments to expenditures			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ 821</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**MAGDALENA MUNICIPAL SCHOOLS**  
**TITLE I IASA SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	281,617	290,854	263,379	(27,475)
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>281,617</u>	<u>290,854</u>	<u>263,379</u>	<u>(27,475)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	179,294	214,170	180,325	33,845
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	2,500	14,327	13,174	1,153
School Administration	99,823	62,357	58,300	4,057
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>281,617</u>	<u>290,854</u>	<u>251,799</u>	<u>39,055</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>11,580</u>	<u>11,580</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>11,580</u>	<u>11,580</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(186,002)</u>	<u>(186,002)</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (174,422)</u>	<u>\$ (174,422)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			(11,580)	
Adjustments to expenditures			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
**MAGDALENA MUNICIPAL SCHOOLS**  
**TITLE I DIRECT STUDENT SERVICES SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	189,644	189,645	57,674	(131,971)
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>189,644</u>	<u>189,645</u>	<u>57,674</u>	<u>(131,971)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	185,944	185,944	177,905	8,039
Support Services				
Students	-	-	-	-
Instruction	-	1	-	1
General Administration	3,700	3,700	3,700	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>189,644</u>	<u>189,645</u>	<u>181,605</u>	<u>8,040</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(123,931)</u>	<u>(123,931)</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>(123,931)</u>	<u>(123,931)</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (123,931)</u>	<u>\$ (123,931)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			123,931	
Adjustments to expenditures			-	
<i>Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)</i>			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**MAGDALENA MUNICIPAL SCHOOLS**  
**NM GROWN FRESH FRUIT AND VEGETABLES SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET (NON - GAAP BUDGETARY BASIS) AND ACTUAL**  
**FOR THE YEAR ENDING JUNE 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	5,000	2,627	(2,373)
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>5,000</u>	<u>2,627</u>	<u>(2,373)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support Services				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	5,000	4,024	976
Community Services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>5,000</u>	<u>4,024</u>	<u>976</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(1,397)</u>	<u>(1,397)</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>(1,397)</u>	<u>(1,397)</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,397)</u>	<u>\$ (1,397)</u>
<i>Reconciliation to GAAP Basis:</i>				
Adjustments to revenues			1,397	
Adjustments to expenditures			-	
Excess (deficiency) of revenues and other sources (uses) over expenditures (GAAP Basis)			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**MAGDALENA MUNICIPAL SCHOOL DISTRICT**  
**AGENCY FUNDS**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**JUNE 30, 2019**

Exhibit D-1

	<u>Agency Funds</u>
<b>ASSETS</b>	
<i>Current Assets</i>	
Student Activities Cash	\$ 141,078
Gear Up Scholarship Cash	<u>-</u>
<i>Total assets</i>	<u><u>141,078</u></u>
 <b>LIABILITIES</b>	
<i>Current Liabilities</i>	
Deposits held in trust for others	<u>141,078</u>
<i>Total liabilities</i>	<u><u>\$ 141,078</u></u>

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

**STATE OF NEW MEXICO**  
**MAGDALENA MUNICIPAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
JUNE 30, 2019

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

The Magdalena School Board was created under the provision of Chapter 22 Article 5, Paragraph 4, New Mexico Statutes 1978 to provide public education for the children within the District. The School Board is authorized to establish policies and regulations for its own government consistent with the laws of the state of New Mexico and the regulations of the State Board of Education and the Legislative Finance Committee. The School Board is comprised of five members who are elected for terms of four years.

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

During the year ended June 30, 2018, the District adopted GASB Statements No. 72, *Fair Value Measurement and Application*, No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, No. 79, *Certain External Investment Pools and Pool Participants*, and a portion of No 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. GASB Statements Nos. 72, 76, and 79, as well as the implemented portion of Statement No. 73, are required to be implemented for the fiscal year ending June 30, 2018.

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position.

GASB Statement No. 73 establishes accounting and financial reporting standards for defined benefit pensions and defined contribution pensions that are not provided to employees of state and local government employers and are not within the scope of Statement 68. A portion of this pronouncement is effective for June 30, 2018 year end and a portion is effective for June 30, 2019 year end. Effective for June 30, 2018 are the amendments for Statement No.s 67 and 68 and assets accumulated for pensions not administered as trusts. The amendments of this pronouncement clarifies application of certain provisions of GASB 67 and 68 with regards to the following issues: (1) Information that is required to be presented as notes to the 10-year schedules of RSI about investment-related factors that significantly affect trends in reported amounts; (2) Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions; and (3) Timing of employer recognition of revenue for the support of nonemployer contributing entities not in a special funding situation.

In addition, effective for June 30, 2018 year ends, the requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that, for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

**STATE OF NEW MEXICO**  
**MAGDALENA MUNICIPAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

The objective of GASB Statement No. 77 is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs in order to better assess (a) whether current year revenues were sufficient to pay for current year services, (b) compliance with financial-related legal or contractual requirements, (c) where a government's financial resources come from and how it uses them and (d) financial position and economic condition and how they have changed over time. The pronouncement is effective as of June 30, 2018. The District is a recipient of property tax revenues assessed, calculated and collected by San Miguel County. The County is responsible and makes the determination of all individual tax abatements, if any; therefore, the District's current and future revenues that may be affected by any such abatement agreements entered by the County. The District has made sufficient attempts to obtain abatement information required by GASB 77 entered by the County. As of June 30, 2019, the District is not aware of tax abatement entered by the County which would have a financial effect on the property tax revenue received and due the District.

GASB Statement No. 82 objective is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information; (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and; (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

During the year ended June 30, 2019, the District adopted GASB Statements No. 87, *Leases*, and No 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. GASB Statements Nos. 87 and 88 are required to be implemented for the fiscal year ending June 30, 2019.

GASB Statement No. 87 *Leases*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2018. Earlier application is encouraged. The District has not entered lease agreements which would require implementation of this pronouncement however, will continue to evaluate if lease agreements are entered.

In April 2019, GASB Statement No. 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2018. Earlier application is encouraged. The District has not entered direct borrowings or direct placement agreements which would require implementation of this pronouncement however, the District will continue to evaluate if these type of agreements are entered.

**A. Reporting Entity**

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

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

The basis, but not the only criterion for including a potential component unit within the reporting entity, is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criteria used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Given the criteria, there are no component units to the primary government recognized.

**B. *Government-wide and fund financial statements***

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

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

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

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

*Deferred outflows of resources* – a consumption of net assets by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets.

*Deferred inflows of resources* – an acquisition of net assets by the government that is applicable to a future reporting period. It has a negative effect on net position, similar to liabilities.

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

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*.

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

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

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

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

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

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

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

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

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

The *General Fund* is the primary operating fund of the District, and accounts for all financial resources, except those required to be accounted for in other funds.

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

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

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

Under the requirements of GASB #34, the District is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following (in addition to the General Fund), which may include funds that were not required to be presented as major but were at the discretion of management:

The *Teacherage Fund* is used to account for the on-campus housing for teachers and staff. This is considered by PED to be a sub-fund of the General Fund.

The *Transportation Fund* is used to account for the State Equalization, received from the Public Education Department (PED), which is used to pay for the costs associated with transporting school age children. This is considered by PED to be a sub-fund of the General Fund.

The *Instructional Materials Fund* is used to account for the monies received from the Public Education Department (PED) for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students. This is considered by PED to be a sub-fund of the General Fund.

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

*Title I Direct Student Services* is to account for Title I Program Improvement funding designated to assist with the implementation of approved school improvement corrective action plans. This funding was authorized by the Elementary and Secondary Education Act (ESEA), as amended, Executive Order Section 1003(g), 115 Stat. 1442, 20 U.S.C 6303(g).

*New Mexico Grown Fruits and Vegetables* funds under this award are to be used to purchase locally grown New Mexico fresh fruits and vegetables to be made available as no charge to students. Funds have been received in appropriation through the General Appropriations Act to distribute to schools districts and charter schools.



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

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

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

*Debt Service* is used 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.

Additionally, the government reports the following fund types:

The fiduciary funds account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. The fiduciary funds are for student activities.

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

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

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

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

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

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

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

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

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

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

**Receivables and Payables:** Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "internal balances." Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

The District receives monthly income from a tax levy in Socorro County. The funds are collected by the County Treasurer and are remitted to the School District the following month. Under the modified accrual method of accounting, the amount remitted by the Socorro County Treasurer in July and August 2019 is considered 'measurable and available' and, accordingly, is recorded as revenue during the year ended June 30, 2019.

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

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

**Instructional Materials:** The New Mexico State Department of Education receives federal material leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the requisition of material listed in the State Board of Education 'State Adopted Instructional Material' list, while the other fifty percent of each allocation is available for purchases directly from vendors, for which the school district receives cash draw-downs, or transfer to the other fifty percent account for requisition of material from the adopted list.

**Inventory:** Inventory is valued at lower of cost (first-in, first-out) or market. Inventory in the Special Revenue Funds consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased food is recorded as an expenditure at the time individual inventory items are consumed. The U.S.D.A. commodities are recorded at year-end by audit adjusting entries. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories and deferred revenue. Non-commodity inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. No deferred revenue was recorded for unused commodity inventory as of June 30, 2019.

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

**Capital Assets:** Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets, (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government wide statements. Information technology equipment, including software, is being capitalized and included in furniture and equipment as the District did not maintain internally developed software. Library books are also being capitalized and depreciated. Donated capital assets are recorded at estimated fair market value at the date of donation. During the year ended June 30, 2019, the District did not receive any donated capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. No interest was included as part of the cost of capital assets under construction during the year ended June 30, 2019.

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

Buildings and Improvements	5-50 years
Land Improvements	5-40 years
Furniture, Fixtures and Equipment	5-20 years

**Deferred Revenues:** The District recognizes grant revenue at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as deferred revenues. Amounts

receivable from the property taxes levied for the current year that are not considered to be “available” under the current financial resources measurement focus are reported as deferred revenues in the governmental fund financial statements.

**Compensated Absences:** All personnel employed by the District shall be entitled to leave as per the following categories and schedules:

Annual Leave: Twelve-month employees shall be entitled to annual leave with full pay computed on the following basis per year:

1-5 consecutive years of employment	10 days
6-10 consecutive years of employment	15 days
11+ consecutive years of employment	20 days

Twelve-month employees who have resigned, retired, or who have been laid off or dismissed, shall be entitled to and shall be paid for a maximum of 40 days of earned and unused annual leave.

**Sick Leave:** All full-time staff shall earn one day of sick leave per month. Accrued sick leave is payable for employees for have completed five consecutive years of employment within the District. The District will payout unused sick leave at a rate of \$25 per day.

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

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

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' right to receive compensation is attributable to services already rendered.
- b. It is probably that the employer will compensate the employee for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the district-wide statement of net position.

**Long-term Obligations:** In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method.

For fund financial reporting, bond premiums and discounts, as well as issuance costs, are recognized in the period the bonds are issued. Bond proceeds are reported as another financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

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

**Net Position or Fund Equity:** In the fund financial statements, governmental funds report reservations of fund balance that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. These designations are established to earmark resources for specific future use and to indicate that the fund equity does not represent available spendable resources.

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

*Net investment in capital assets:* Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

*Restricted Net Position:* Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Descriptions for the related restrictions for net position are restricted for "debt service or capital projects."

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

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

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

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

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

E. *Revenues*

**State Equalization Guarantee:** School districts in the State of New Mexico receive a 'state equalization guarantee distribution' which is defined as "that amount of money distributed to each school district to insure that the school district's operating revenue, including its local and federal revenues as defined (in Chapter 22, Section 825, NMSA 1978) is at least equal to the school district's program 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 \$3,239,661 in state equalization guarantee distributions during the year ended June 30, 2019.

**Tax Revenues:** The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Tax revenues are recognized when they are in the hands of the collecting agency. The District records only the portion of the taxes considered to be 'measurable' and 'available'. The District recognized \$313,158 in tax revenues during the year ended June 30, 2019. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

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

**Transportation Distribution:** School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the 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 \$282,939 in transportation distributions during the year ended June 30, 2019.

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

E. *Revenues (continued)*

**Instructional Materials:** The New Mexico Public Education Department (PED) receives federal material leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while the other fifty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2019 totaled \$10,582.

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

The council shall approve an application for grant assistance from the fund when the council determines that:

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

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

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

During the year ended June 30, 2019, the District did not receive special capital outlay (local) funds.

**SB-9 State Match:** The Director shall distribute to any school district that has imposed a tax under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of Section 22-25-3 NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act. The distribution shall be made by December 1, of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. Provided, however, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary. The District received \$70,827 in state SB-9 matching during the year ended June 30, 2019.

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

E. *Revenues (continued)*

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

The District also receives reimbursement under the National School Lunch and Breakfast Programs for its food services operations, and the distributions of commodities through the New Mexico Human Services Department.

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

*Budgetary Information*

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

These budgets are prepared on the Non-GAAP cash 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.

Actual expenditures may not exceed the budget on a line item basis, i.e., each budgeted function must be within budgeted amounts by function. 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 School District follows these procedures in establishing the budgetary data reflected in the financial statements:

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

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**NOTE 2. Stewardship, Compliance and Accountability - (Continued)**

*Budgetary Information - (continued)*

4. The “operating” budget will be used by the District until they have been notified that the budget has been approved by the DBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the DBPU.
5. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Public Education Department.
6. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the SBPU.
7. Legal budget control for expenditures is by function.
8. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year’s budget. The budget of Magdalena Municipal School District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.
9. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds.
10. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for budget purposes.

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

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

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



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**NOTE 3. Cash and Temporary Investments**

State statutes authorize the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2019.

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or by 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 or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

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

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

**Deposits**

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 a least one half of the amount on deposit with the institution. The schedule listed below will meet the State of New Mexico, Office of the State Auditor's requirements in reporting the insured portion of the deposits.

	Wells Fargo Bank
Total amounts of deposits	\$ 834,416
FDIC coverage	<u>(250,000)</u>
Total uninsured public funds	584,416
Collateral requirement (50% of uninsured public funds)	\$ 292,208
Pledged security	<u>1,243,176</u>
Total under (over) collateralized	<u><u>\$ (950,968)</u></u>

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk, other than following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). At June 30, 2019, \$292,208 of the District's bank balance of \$834,391 was exposed to custodial credit risk as the District's bank balances were fully insured or collateralized by FDIC.

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**NOTE 3. Cash and Temporary Investments - (Continued)**

At June 30, 2019, the carrying amount of these deposits was \$591,281.

**Reconciliation of Cash and Temporary Investments**

Governmental Funds – Balance Sheet	
Cash and cash equivalents per Exhibit A-1	\$ 450,489
Statement of Fiduciary Net Position – cash per Exhibit D-1	<u>141,078</u>
	591,567
Add outstanding checks and other reconciling items	<u>242,849</u>
	834,416
Less petty cash	<u>(25)</u>
Bank balance of deposits	<u>\$ 834,391</u>

**NOTE 4. Receivables**

Receivables as of June 30, 2019, are as follows:

	General <u>Fund</u>	Title I <u>IASA</u>	Title I <u>DSS</u>	NM Grown Fruit & Vegetables
Property Taxes	\$ 573	\$ -	\$ -	\$ -
Intergovernmental grants	<u>-</u>	<u>174,422</u>	<u>123,931</u>	<u>1,397</u>
Total Receivables	<u>\$ 573</u>	<u>\$ 172,422</u>	<u>\$ 123,931</u>	<u>\$ 1,397</u>

	SB-9 <u>Local</u>	Debt <u>Service</u>	Other <u>Governmental</u>	<u>Total</u>
Property Taxes	\$ 3,297	\$ 11,355	\$ -	\$ 15,225
Intergovernmental grants	<u>-</u>	<u>-</u>	<u>302,419</u>	<u>602,169</u>
Total Receivables	<u>\$ 3,297</u>	<u>\$ 11,355</u>	<u>\$ 302,419</u>	<u>\$ 617,394</u>

The above receivables are deemed 100% collectible. In accordance with GASB #33, property tax receivables should be presented net of deferred revenues on the governmental fund financial statements. Deferred property tax revenues delinquent property taxes from the County totaled \$5,731.

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

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

<b>Governmental Activities:</b>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<b>Major Funds:</b>		
General Fund	\$ 606,431	\$ —
Title I - IASA	—	174,422
Title I Direct Student Services	—	123,931
NM Grown Fresh Fruit and Vegetables	—	1,397
<b>Nonmajor Funds:</b>		
Food Services	—	19,783
Entitlement IDEA-B	—	89,659
Preschool IDEA-B	—	6,718
Fresh Fruit and Vegetables	—	910
IDEA-B Plan Results	—	12,953
Teacher/Principal Training & Recruiting	—	11,452
Academic Enrichment Plan	—	737
Johnson O’Malley	—	12,505
Special Projects Demonstration USDE	—	551
Dual Credit Instruction	—	172
2012 G.O. Bond Student Library	—	1,889
Truancy Prevention	—	25,301
Pre Kindergarten Initiative	—	18,350
Indian Education Act	—	59,722
GRADS - Instruction	—	489
SB-9	—	45,490
	<u>—</u>	<u>45,490</u>
<b>Total Governmental Activities</b>	<u>\$ 606,431</u>	<u>\$ 606,431</u>

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**NOTE 6. Capital Assets**

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

	Balance June 30, 2018	Additions	Deletions	Adjustments	Balance June 30, 2019
Capital Assets not being depreciated:					
Land	\$ 69,672	\$ -	\$ -	\$ -	\$ 69,672
Capital Assets being depreciated:					
Buildings and building improvements	16,898,097	66,757	-		16,964,854
Equipment & vehicles	<u>1,543,147</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,543,147</u>
Total Capital Assets being depreciated:	<u>18,441,244</u>	<u>66,757</u>	<u>-</u>	<u>-</u>	<u>18,508,001</u>
Less Accumulated Depreciation for:					
Buildings and building improvements	8,073,387	458,438	-	-	8,531,823
Equipment & vehicles	<u>1,004,542</u>	<u>69,880</u>	<u>-</u>	<u>-</u>	<u>1,074,422</u>
Total Accumulated depreciation:	<u>9,077,929</u>	<u>528,318</u>	<u>-</u>	<u>-</u>	<u>9,606,245</u>
Net Capital Assets being depreciated	<u>9,363,315</u>	<u>(461,561)</u>	<u>-</u>	<u>-</u>	<u>8,901,756</u>
Governmental activities capital assets, net:	<u>\$ 9,432,987</u>	<u>\$ (461,561)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,971,426</u>

Capital assets, net of accumulated depreciation, at June 30, 2019 appear in the Statement of Net Position as follows: Governmental activities \$528,318.

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

Instruction	\$ 464,919
Operation and Maintenance of Plant	19,548
Transportation	37,511
Food Services	<u>6,340</u>
	<u>\$ 528,318</u>

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**NOTE 7. Long-Term Debt**

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

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Due Within</u> <u>One Year</u>
Bonds Payable	\$ 1,395,000	\$	\$ 175,000	\$ 1,220,000	\$ 210,000
Compensated Absences	<u>146,433</u>	<u>50,358</u>	<u>44,337</u>	<u>152,454</u>	<u>152,454</u>
Total	<u>\$ 1,541,433</u>	<u>\$ 50,358</u>	<u>\$ 219,337</u>	<u>\$ 1,372,454</u>	<u>\$ 362,454</u>

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

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt</u> <u>Service</u>
2020	\$ 210,000	\$ 38,094	\$ 248,094
2021	210,000	31,379	241,379
2022	180,000	23,142	203,142
2023	185,000	15,087	200,087
2024	150,000	7,354	157,354
2025-2029	<u>285,000</u>	<u>2,435</u>	<u>287,435</u>
Totals	<u>\$ 1,220,000</u>	<u>\$ 117,491</u>	<u>\$ 1,337,491</u>

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

Compensated Absences – Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2019, compensated absences decreased \$6,021 over the prior year accrual. See Note 1 for more details

**NOTE 8. Risk Management**

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

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

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

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

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

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

Major Funds:	
Food Services	\$ 1,948
Total Major Funds	<u>\$ 1,948</u>
Total All Funds	<u>\$ 1,948</u>

These deficits are expected to be funded by additional grant funds.

**B.** Excess of expenditures over appropriations. There were no funds which exceeded approved budgetary authority for the year ended June 30, 2019:

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

*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.

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

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**NOTE 10. ERB Pension Plan (Continued)**

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

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

Chapter 288, Laws of 2009 changed the eligibility requirements for new members first employed on, or after, July 1, 2010 and before July 1, 2013. The eligibility for a member who either becomes a new member on or after July 1, 2010 and before July 1, 2013, or at any time prior to July 1, 2010 was 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.

*Form 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 10. ERB Pension 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.

<b>Fiscal Year</b>	<b>Date Range</b>	<b>Wage Category</b>	<b>Member Rate</b>	<b>Employer Rate</b>	<b>Combined Rate</b>	<b>Increase Over Prior Year</b>
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	7-1-17to 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 employer’s name paid employee and employer contributions of \$331,033 and \$442,491 , which equal the amount of the required contributions for each fiscal year.



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**NOTE 10. ERB Pension 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 \$11,976,949 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the Board on April 21, 2017. There were no other significant events of changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2018. Therefore, the employer's portion was established as of the measurement date of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions at June 30, 2018, actuarially determined. At June 30, 2018, the District's proportion was 0.10072%, which was an decrease of 0.04952% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$1,406,387. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 8,741	\$ 227,941
Changes of assumptions	2,468,392	—
Net difference between projected and actual Earnings on pension plan investments	26,514	—
Changes in proportion and differences between the County's contributions and proportionate Share of contributions	22,959	665,295
County's contributions subsequent to the measurement date	<u>—</u>	<u>—</u>
Total	<u>\$ 2,526,606</u>	<u>\$ 893,236</u>

\$2,526,606 reported as deferred outflows of resources related to pensions resulting from District's contributions subsequent to the measurement date—will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year</u>	
<u>Ending June 30,</u>	
2020	\$ 1,157,960
2021	637,047
2022	(161,986)
2023	349
2024	—

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**NOTE 10. ERB Pension Plan (Continued)**

*Actuarial assumptions.* The total pension liability in the June 30, 2017 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.										
Average of Expected Remaining Service Lives	<table border="0" style="margin-left: 40px;"> <tr> <td style="text-align: right;">Fiscal year</td> <td style="text-align: center;"><u>2017</u></td> <td style="text-align: center;"><u>2016</u></td> <td style="text-align: center;"><u>2015</u></td> <td style="text-align: center;"><u>2014</u></td> </tr> <tr> <td style="text-align: right;">Service life in years</td> <td style="text-align: center;">3.35</td> <td style="text-align: center;">3.77</td> <td style="text-align: center;">3.92</td> <td style="text-align: center;">3.88</td> </tr> </table>	Fiscal year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	Service life in years	3.35	3.77	3.92	3.88
Fiscal year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>							
Service life in years	3.35	3.77	3.92	3.88							
Mortality	<p><b>Healthy males:</b> Based on the RP-2000 Combined Mortality Table with White Collar adjustments, no set back, generational mortality improvements with Scale BB from the table's base year of 2000</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> Based on RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB.</p> <p><b>Disabled females:</b> Based on RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.</p> <p><b>Active members:</b> Based on 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 NMERB Board on April 21, 2017 in conjunction with the six-year experience study for the period ending June 30, 2016.										
Cost-of-living increases	1.90% per year, compounded annually; increases deferred until July 1 following the year a member retires, or the year in which a member attains the age of 65 (67 for Tier 3), whichever is later or, for disabled retirees, until July 1 of the third year following retirement.										
Payroll growth	3.00% per year (with no allowance for membership growth).										
Contribution accumulation	The accumulated member account balance with interest is estimated at the valuation date by assuming that member contributions increased 5.50% per year for all years prior to the valuation date. Contributions are credited with 4.00% interest, compounded annually, applicable to the account balances in the past as well as the future.										
Disability incidence	Approved rates are applied to eligible members with at least 10 years of service.										

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**NOTE 10. ERB Pension 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	40	
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 rate is .21% less than the 5.90% discount rate used for June 30,2017.

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

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

*Sensitivity of the employer name’s proportionate share of the net pension liability to changes in the discount rate.* The following presents the employer name’s proportionate share of the net pension liability calculated using the discount rate of 5.69 percent, as well as what the employer name’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:

Fiscal Year Ending June 30,	1% Decrease (4.69%)	Current Discount Rate (5.69%)	1% Increase (6.69%)
District’s proportionate share of the net pension liability	\$ 15,565,446	\$ 11,976,949	\$ 9,048,959

**STATE OF NEW MEXICO**  
**MAGDALENA MUNICIPAL SCHOOL DISTRICT**  
NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 10. ERB Pension Plan (Continued)**

*Pension plan fiduciary net position.* Detailed information about the ERB's fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2016, 2015 and 2014 which are publicly available at [www.nmerb.org](http://www.nmerb.org).

*Payables to the pension plan.* At June 30, 2019 the District had no outstanding amount of contributions to the pension plan and therefore, had no payables to report as of June 30, 2019.

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

*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 (NMHRCA). NMHRCA 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.

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

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

*Employees covered by benefit terms –* At June 30, 2019, the Fund's measurement date, the following employees were covered by the benefit terms:

Plans 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 \$63,998 for the year ended June 30, 2019.

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

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

At June 30, 2019, the District reported a liability of \$2,866,435 for its production share of 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 June 30, 2017. The District’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2017. At June 30, 2017, the District’s proportion was 0.06592 percent.

For the year ended June 30, 2019, the District recognized OPEB income of \$1,258. At June 30, 2019 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ —	\$ 169,711
Changes of assumptions	—	535,151
Net difference between projected and actual Earnings on pension plan investments	—	35,772
Changes in proportion and differences between the District’s contributions and proportionate Share of contributions	—	403,964
District’s contributions subsequent to the measurement date	<u>—</u>	<u>—</u>
Total	<u>\$ —</u>	<u>\$ 1,144,598</u>

Deferred outflows of resources totaling \$0 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:

<u>Fiscal Year</u> <u>Ending June 30,</u>	
2020	\$ (273,765)
2021	(273,765)
2022	(273,765)
2023	(230,908)
2024	<u>(92,395)</u>
Total	\$ (1,144,598)

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

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

Valuation Date	June 30, 2017
Actuarial cost method	Entry age normal, lever 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	3.25% to 12.50% based on years of service, including inflation
Investment rate of return	7.25% net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs
Mortality	ERB members: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females) PERA members: RP-2000 Combined Healthy Mortality

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

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

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

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

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

Fiscal Year Ending June 30,	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
District’s proportionate share of the net pension liability	\$ 3,469,062	\$ 2,866,435	\$ 2,391,432

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

1% Decrease	Current Trend Rates	1% Increase
\$ 2,423,143	\$ 2,866,435	\$ 3,213,987

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

*Payable Changes in the Net OPEB Liability.* At June 30, 2019, the District reported a payable of \$0 for outstanding contributions due to NMRHCA for the year ended June 30, 2019.

**NOTE 12. Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial. The District is involved in various claims and lawsuits arising in the normal course of business. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the District’s legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the District.

**NOTE 13. Budgeted Activity Funds**

The Student Activity Funds, while budgeted under Non-Instructional Support in the financial statements, are considered for reporting purposes as agency funds and the related activity has been reported as such in the Statement of Changes in Assets and Liabilities – All Agency Funds section of the financial statements.

**NOTE 14. Joint Powers Agreements**

The District entered into a joint powers agreement with other school districts to establish the Central Regional Cooperative (CREC) dated July 1, 1990. Under this agreement, the participating school districts establish and maintain a cooperative program of supplementary special education and other services funded by each school district and the CREC. CREC is not a component unit of the District. CREC issues a separate publicly available audited financial report. The audited financial report for CREC may be obtained by writing to P.O. Box 37440, Albuquerque, NM 87176.

During the year ended June 30, 2019, the CREC passed through \$258,866 to the District for salaries and fringe benefits. As required by SAO 2.2.2.12 C (3) (d), the CREC fund was reported as revenues and expenditures in the IDEA B Entitlement Fund (24106).

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**NOTE 15. Concentrations**

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

**NOTE 16. Subsequent Events**

Subsequent events were evaluated through November 11, 2019, which is the date the financial statements were available to be issued.

**NOTE 17. Foundation**

The District has a foundation managed by Wells Fargo that is a 501 (c) 3 and files a federal form 990 tax return. The purpose of the foundation is to invest and distribute money to graduates of the District for the use of higher education. The funds originated from a federal grant, Gear Up. The foundation is not material to the District and are not included in the District's financial statements.

**NOTE 18. Subsequent Accounting Standard Pronouncements**

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

In August 2018, GASB Statement No. 90 *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, was issued. Effective Date: The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2019. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

In May 2019, GASB Statement No. 91 *Conduit Debt Obligations*, The primary objective of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2020. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect the financial statements.

**NOTE 19. Governmental Fund Balance**

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

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

*Nonspendable:* Consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

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

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



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

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

	General Fund				Title I IASA
	Operational	Teacherage	Transportation	Instructional	
	Fund	Fund	Fund	Materials Fund	
<b>Fund Balances:</b>					
<b>Nonspendable:</b>					
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Restricted for:</b>					
School construction	-	-	-	-	-
General fund	-	19,190	-	8,704	-
<b>Unassigned:</b>	672,785	-	-	-	-
Total fund balances	\$ 672,785	\$ 19,190	\$ -	\$ 8,704	\$ -
	SB-9		Other		
	Local	Debt	Governmental	Total	
	Fund	Service	Funds	Fund	
<b>Fund Balances:</b>					
<b>Nonspendable:</b>					
Inventory	\$ -	\$ -	\$ 2,639	\$ 2,639	
<b>Restricted for:</b>					
General fund	-	-	-	27,894	
Education	-	-	131,451	131,451	
School construction	133,521	-	-	133,521	
Debt service	-	100,763	-	100,763	
<b>Unassigned:</b>	-	-	(4,587)	668,198	
Total fund balances	\$ 133,521	\$ 100,763	\$ 129,503	\$ 1,064,466	

**REQUIRED SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO**  
**MAGDALENA INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**OF ERB**  
**Educational Retirement Board (ERB) Plan**  
**Last 10 Fiscal Years\***  
**JUNE 30, 2019**

	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.10072%	0.11225%	0.11210%	0.11069%	0.10867%
Proportionate share of the net pension liability	11,976,949	12,474,868	8,067,202	7,169,686	6,200,409
Covered-employee payroll	2,960,625	2,814,987	3,196,744	3,022,192	3,150,302
Proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	444%	443%	252%	237%	197%
Plan fiduciary net position as a percentage of the total pension liability	52.17%	52.95%	63.97%	63.97%	66.54%

\*These schedules are intended to present 10 years of trending history. However, until a full 10-year trend is compiled, the District present information for those years for which information is available.

**SCHEDULE OF DISTRICT'S CONTRIBUTIONS**  
**Educational Retirement Board (ERB) Plan**

Last 10 Fiscal Years\*\*

Contractually required contribution	391,283	391,166	444,327	420,085	437,892
Contributions in relation to the contractually required contribution	391,283	391,166	444,327	420,085	437,892
Contribution deficiency (excess)	-	-	-	-	-
District's covered-employee payroll	2,960,625	2,814,987	3,196,744	3,022,192	3,150,302
Contributions as a percentage of covered-employee payroll	13.22%	13.90%	13.90%	13.90%	13.90%

\*\* These schedules are intended to present 10 years of trending history. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

**Changes of benefit terms.** The COLA and retirement eligibility benefits changes in recent years are described in the Benefits Provided subsection of the financial statement note disclosure General Information on the Pension Plan.

**Changes of Assumptions.** ERB conducts an actuarial experience study for the Plan on a biennial basis. Based on the six-year actuarial experience study presented to the Board of Trustees on June 12, 2015, ERB impemented the following changes in assumption for fiscal years 2016. 1) valuation assumptions that changed based on this study: a) Lower wage inflation from 3.75% to 3.00%, b) Investment return will change from 7.75% to 7.25%, c) Minor changes to demographic assumptions, d) Discount rate changed to 5.90% with lower and hier sensitivity rates established at 4.90% and 6.90%, e) members hired after 6/30/2013 will have reduced retirement benefit if they retire befor age 55 and their COLA deferred until age 67, f) COLAs for most retirees reduced until NMERB attains 100% funded status, g) assumed full COLA paid in future years, h) rate of return on pension plan investments to be determined annually

2) Assumptions that were not changed: a) Inflation will remain at 3.00%

See also the Note IV (B) Actuarial Assumptions of the financial statement disclosure on the Pension Plan

**STATE OF NEW MEXICO**  
**MAGDALENA MUNICIPAL SCHOOL DISTRICT**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**OF RHCA**  
**Retiree Health Care (RHCA) Plan**  
**Last 10 Fiscal Years\***  
**JUNE 30, 2019**

	2019	2018
Proportion of the net pension liability	0.065920%	0.074720%
Proportionate share of the net pension liability	2,866,435	3,386,066
Covered-employee payroll	2,960,625	2,814,987
Proportionate share of the net pension liability (asset) as a percentage of it's covered-employee payroll	1.014%	120.29%
Plan fiduciary net position as a percentage of the total pension liability	13.14%	11.34%

\*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.

**SCHEDULE OF DISTRICT'S CONTRIBUTIONS**  
**Retiree Health Care (RHCA) Plan**

Last 10 Fiscal Years\*\*

Contractually required contribution	103,011	56,300
Contributions in relation to the contractually required contribution	101,753	56,300
Contribution deficiency (excess)	1,258	-
County's covered-employee payroll	2,960,625	2,814,987
Contributions as a percentage of covered-employee payroll	3.5%	3.83%

\*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 of benefit terms.** In the June 30, 2018 actuarial valuation, there was a change of benefit terms as 2018 was the initial valuation.

**Changes of Assumptions.** In the June 30, 2018 actuarial valuation, the expectation of life after disability was adjusted to more closely reflect actual experience. Additional changes of assumptions may occur after the initial 2018 valuation.

**NONMAJOR GOVERNMENTAL FUNDS**

## SPECIAL REVENUE FUNDS

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

**Food Services (21000)** - This fund is utilized to account for Federal and Local sources of income relating to the food service programs. The Food Service Fund is segregated into two categories, one being the Federal funds and the other being Non-Federal funds. Federal funds consist of National School Lunch Program, which is administered by the State of New Mexico for the purpose of making breakfast and lunch available to all school children and to encourage the domestic consumption of agricultural commodities and other food components. Authority for the creation of this fund is NMSA 22-13-13.

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

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

**Preschool IDEA-B (24109)** – The objective of the Assistance to States for the Education of Handicapped Children Program is to assist in providing free, appropriate public education to all handicapped children from ages three to five. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Department of Children, Youth and Families. Authority for creation of this fund is Public Law 105-17.

**Fresh Fruits and Vegetables (24118)** – To account for funds administered by the New Mexico State University through New Mexico Human Services Department to promote nutrition education to students and parents. National School Lunch Act, as amended, 42 U.S.C. 1769.

**IDEA-B Results Plan (24132)** – This account is to support the individual school site's Educational Plan for Student Success, or areas of need of improvement as identified through an instructional audit. This is a pilot program for the New Mexico Real Results program required by US Dept. of Education of Special Education Programs. Authority for creation of this fund is New Mexico Public Education Department.

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

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

**Academic Enrichment Program (24189)** – To account for a federal grant to provide student support and provide an academic enrichment program. The grant was created by the authority of federal grant provisions.

**Johnson O'Malley (25131)** – To account for revenues and expenditures funded by the Department of Interior, Bureau of Indian Affairs, through the Navajo Tribe provided to supplement programs in special education and other special needs for New Mexico public schools where eligible Indian children are enrolled. The fund was created by the authority of federal grant provisions. (PL 103-382)

**Impact Aid (25145) – Special Education and (25147) – Indian Education** – To account for funding of a Federal program to provide financial assistance to local educational agencies (LEA's) where enrollments or availability of revenue are adversely affected by Federal activities, i.e. where the tax base of a district is reduced through the Federal acquisition of real property (Section 2), or where there are a significant number of children who reside on Federal (including Indian) lands and/or children whose parents are employed on Federal property or in the Uniformed Services (Section 3(a) and 3(b)): where there is a significant decrease (Section 3(c)) or a sudden and substantial increase (Section 4) in school enrollment as the result of Federal activities; to provide disaster assistance for reduced or increased operating costs (Section 7(a)), for replacing or repairing damaged or

destroyed supplies, equipment, and books, and for repairing minor damage to facilities. Funding authorized by Public Law 81-874.

**Title XIX MEDICAID 3/21 Years (25153)** – To account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children.

**Indian Education Formula Grant (25184)** – To account for a program funded by a Federal grant to develop and carry out supplementary elementary and secondary school programs designed to meet the special educational and culturally related academic needs of Indian children, for example to: 1) Improve academic performance, 2) Reduce school dropout rates and improve attendance, and 3) Integrate the value of cultural education into the school curriculum for Indian children. Funding authorized by Indian Education Act of 1988, Title V, Part C, Subpart 1, as amended, Public Law 100-297 and 93-638, 25 U.S.C. 2601-2606.

**Special Projects Demonstration USDE (25194)** –To encourage eligible entities to provide or maintain a guarantee to eligible low-income students who obtain a secondary diploma, of the financial assistance necessary to permit the student to attend an institution of higher education; and provide additional support services to students who are at risk of dropping out of school. Higher Education act, Title IV, Part A, Subpart 2, Chapter 2, Public Law 105-244.

**Farm to School Planning Grant (25208)** – The purpose of the USDA Farm to School Grant Program is to assist eligible entities in implementing farm to school programs that improve access to local foods in eligible schools. The fund was created by federal grant provisions.

**Dual Credit Instructional Materials (27103)** – To purchase college textbooks for students who dual enroll in college credited courses while still attending high school.

**2012 GO Bond Public School Acquisition (27107)** – This award allows schools to acquire library resources, including library books for public school libraries. The funding was made available through Senate Bill 66, Laws of 2012, 2<sup>nd</sup> Session, Chapter 54, Section 10. Paragraph B(3).

**New Mexico Reads to Lead K-3 Initiative (27114)** – This fund is to account for funds received to provide children to acquire a firm foundation in literacy and are not only prepared for future academic success, but will possess a lifelong gift of reading. New Mexico's early reading initiative, New Mexico Reads to Lead, provides an aligned approach for districts and schools to ensure that children can read by the end of the third grade – giving them essential skills for future career and college success. The New Mexico Reads to Lead! Initiative funds a reading K-3 Formative Assessment System provided to districts at no cost. It also provides regional and district reading coaches, supports for intervention, and professional development for parents, teachers, reading coaches, and administrators. In addition this site highlights literacy resources for parents, teachers, administrators and other stakeholders. Please visit often as the content will be regularly updated. Authority for the creation of this fund is the New Mexico Public Education Department.

**Excellence in Training (27125)** – The purpose of this grant is to assist the District to develop and implement a strategic, long-term plan for utilizing educational technology in the school system. Funds accounted for in this fund are received from the State of New Mexico. The authority for creation of this fund is NMSA 22-15A-1 to 22-15A-10.

**Truancy Prevention (27141)** – This grant is divided into two sections; School Based Law Enforcement and School Based Family Center. The purpose was to provide staff training in truancy prevention and strategies to deal with students to improve school attendance. Resources were also available to assist families in developing strategies to improve their children's school attendance. Funding was provided by the School Health Unit of the State of New Mexico.

**Pre-K Initiative (27149)** – To account for monies received from the State of New Mexico to be used to provide direct services to 20 4 year old children in Pre-Kindergarten programs.

**Indian Education Act (27150)** – To account for funds to be used to implement the Culture Base Education Program for American Indian students. The fund was created by state grant provisions.

**Elementary Student Breakfast (27155)** – Funds used to purchase breakfast supplies for elementary students.

**College Counselor Initiative (27189)** – To account for funds provided by the New Mexico Public Education Department to support College Counselors in public schools. The fund was created by the authority of state grant provisions.

**Teachers Hard to Staff (27195)** –Funds to public school districts to incentivize teacher in rural areas. Authority for the creation of the fund is the New Mexico Public Education Department.

**NM Roads DOT (28120)** – The purpose of the fund is to improved roads and parking lots within the district.

**GRADS – Instruction (28190)** – To account for a program funded by the Public Education Department for the purpose to establish and maintain an in-school, family and consumer science instructional and intervention program for pregnant and parenting students, which focuses on knowledge and skills related to positive self, pregnancy, parenting and economic independence. Special Revenue fund established by the local school board.

**GRADS Plus (28203)** – The purpose of this fund is to support a shared case management model between Central High School GRADS program and school and community partners. Authority for the creation of this fund is the New Mexico GRADS System.

**Private Dir. Grants (29102)** –To provide additional classroom time at Gallup Central High for seniors to meet graduation requirements. Funding authority is the New Mexico Public Education Department.

#### **CAPITAL PROJECTS FUNDS**

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

**Capital Improvements SB-9 (31700 and 31701)** – To account for erecting, remodeling, making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof as identified by the local school board. Financing is provided by the State of New Mexico’s State Equalization Matching and a special tax levy as authorized by the Public School District Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978).



**STATE OF NEW MEXICO**  
**MAGDALENA MUNICIPAL SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR FUNDS**  
**JUNE 30, 2019**

	<u>Food Services 21000</u>	<u>Athletics 22000</u>	<u>Entitlement IDEA-B 24106</u>
<b>ASSETS</b>			
<i>Current Assets</i>			
Cash and temporary investments	\$ -	\$ 20,690	\$ -
Accounts receivable			
Due from other governments	15,196	-	89,659
Inventory	<u>2,639</u>	<u>-</u>	<u>-</u>
<i>Total assets</i>	<u><u>17,835</u></u>	<u><u>20,690</u></u>	<u><u>89,659</u></u>
<b>LIABILITIES AND FUND BALANCES</b>			
<i>Current Liabilities:</i>			
Accounts payable	-	-	-
Accrued payroll liabilities	-	-	-
Accrued compensated absences	-	-	-
Interfund payables	19,783	-	89,659
Deferred revenue - property taxes	-	-	-
Deferred revenue - other	-	-	-
<i>Total liabilities</i>	<u><u>19,783</u></u>	<u><u>-</u></u>	<u><u>89,659</u></u>
<i>Fund balances</i>			
Fund Balance:			
Nonspendable	2,639	-	-
Restricted for:			
General Fund	-	-	-
Special revenue	-	20,690	-
Assigned	-	-	-
Unassigned	<u>(4,587)</u>	<u>-</u>	<u>-</u>
<i>Total fund balance</i>	<u><u>(1,948)</u></u>	<u><u>20,690</u></u>	<u><u>-</u></u>
<i>Total liabilities and fund balance</i>	<u><u>\$ 17,835</u></u>	<u><u>\$ 20,690</u></u>	<u><u>\$ 89,659</u></u>

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

Preschool IDEA-B 24109	Fresh Fruits and Vegetables 24118	IDEA-B Plan Results 24132	Teacher / Principal Training & Recruiting 24154	Rural and Low Income Schools 24160	Academic Enrichment Program 24189
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6,718	910	12,953	11,452	-	737
-	-	-	-	-	-
<u>6,718</u>	<u>910</u>	<u>12,953</u>	<u>11,452</u>	<u>-</u>	<u>737</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
6,718	910	12,953	11,452	-	737
-	-	-	-	-	-
-	-	-	-	-	-
<u>6,718</u>	<u>910</u>	<u>12,953</u>	<u>11,452</u>	<u>-</u>	<u>737</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 6,718</u>	<u>\$ 910</u>	<u>\$ 12,953</u>	<u>\$ 11,452</u>	<u>\$ -</u>	<u>\$ 737</u>

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

**STATE OF NEW MEXICO**  
**MAGDALENA MUNICIPAL SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR FUNDS**  
**JUNE 30, 2019**

	Johnson O'Malley 25131	Impact Aid Special Education 25145	Impact Aid Indian Education 25147	Title XIX Medicaid 3 / 21 Years 25153
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and temporary investments	\$ -	\$ 1,942	\$ 4,075	\$ 101,115
Accounts receivable				
Due from other governments	12,505	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>12,505</u>	<u>1,942</u>	<u>4,075</u>	<u>101,115</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<i>Current Liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	-	-	-	-
Accrued compensated absences	-	-	-	-
Interfund payables	12,505	-	-	-
Deferred revenue - property taxes	-	-	-	-
Deferred revenue - other	-	-	-	-
<i>Total liabilities</i>	<u>12,505</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances</i>				
Fund Balance:				
Nonspendable	-	-	-	-
Restricted for:				
General Fund	-	-	-	-
Special revenue	-	1,942	4,075	101,115
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balance</i>	<u>-</u>	<u>1,942</u>	<u>4,075</u>	<u>101,115</u>
<i>Total liabilities and fund balance</i>	<u>\$ 12,505</u>	<u>\$ 1,942</u>	<u>\$ 4,075</u>	<u>\$ 101,115</u>

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

Indian Ed Formula Grant 25184	Special Projects Demonstration USDE 25194	Farm to School 25208	Dual Credit Instructional Materials 27103	2012 GO Bonds - Student Library Fund (SB66) 27107	NM Reads to Lead K-3 Reading Initiative 27114
\$ -	\$ -	\$ 3,606	\$ -	\$ -	\$ -
325	551	-	172	1,889	-
-	-	-	-	-	-
<u>325</u>	<u>551</u>	<u>3,606</u>	<u>172</u>	<u>1,889</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	551	-	172	1,889	-
-	-	-	-	-	-
325	-	-	-	-	-
<u>325</u>	<u>551</u>	<u>-</u>	<u>172</u>	<u>1,889</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	3,606	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>3,606</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ 325	\$ 551	\$ 3,606	\$ 172	\$ 1,889	\$ -

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

**STATE OF NEW MEXICO**  
**MAGDALENA MUNICIPAL SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**JUNE 30, 2019**

	Excellence in Teaching 27125	Truancy Prevention 27141	Pre K Initiative 27149	Indian Education Act 27150
<i>Current Assets</i>				
Cash and temporary investments	\$ -	\$ -	\$ -	\$ -
Accounts receivable				
Due from other governments	-	25,301	18,350	59,722
Inventory	-	-	-	-
<i>Total assets</i>	<u>-</u>	<u>25,301</u>	<u>18,350</u>	<u>59,722</u>
<i>Current Liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	-	-	-	-
Accrued compensated absences	-	-	-	-
Interfund payables	-	25,301	18,350	59,722
Deferred revenue - property taxes	-	-	-	-
Deferred revenue - other	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>25,301</u>	<u>18,350</u>	<u>59,722</u>
<i>Fund balances</i>				
Fund Balance:				
Nonspendable	-	-	-	-
Restricted for:				
General Fund	-	-	-	-
Special revenue	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balance</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities and fund balance</i>	<u>\$ -</u>	<u>\$ 25,301</u>	<u>\$ 18,350</u>	<u>\$ 59,722</u>

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



**STATE OF NEW MEXICO**  
**MAGDALENA MUNICIPAL SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJORFUNDS**  
**JUNE 30, 2019**

	GRADS Plus 28203	Private Direct Grants 29102	SB-9 31700	Total
<i>Current Assets</i>				
Cash and temporary investments	\$ 3	\$ 20	\$ -	\$ 131,451
Accounts receivable				
Due from other governments	-	-	45,490	302,419
Inventory	-	-	-	2,639
<i>Total assets</i>	<u>3</u>	<u>20</u>	<u>45,490</u>	<u>436,509</u>
<i>Current Liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	-	-	-	-
Accrued compensated absences	-	-	-	-
Interfund payables	-	-	45,490	306,681
Deferred revenue - property taxes	-	-	-	-
Deferred revenue - other	-	-	-	325
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>45,490</u>	<u>307,006</u>
<i>Fund balances</i>				
Fund Balance:				
Nonspendable	-	-	-	2,639
Restricted for:				
General Fund	-	-	-	-
Special revenue	3	20	-	131,451
Assigned	-	-	-	-
Unassigned	-	-	-	(4,587)
<i>Total fund balance</i>	<u>3</u>	<u>20</u>	<u>-</u>	<u>129,503</u>
<i>Total liabilities and fund balance</i>	<u>\$ 3</u>	<u>\$ 20</u>	<u>\$ 45,490</u>	<u>\$ 436,509</u>

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

**STATE OF NEW MEXICO**  
**MAGDALENA MUNICIPAL SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR FUNDS**  
**FOR THE YEAR ENDING JUNE 30, 2019**

	Food Services 21000	Athletics 22000	Entitlement IDEA-B 24106
<i>Revenues:</i>			
Property taxes	\$ -	\$ -	\$ -
State grants	-	-	-
Federal grants	182,358	-	89,659
Charges for services	17,275	26,723	-
<i>Total revenues</i>	<u>199,633</u>	<u>26,723</u>	<u>89,659</u>
<i>Expenditures:</i>			
Current:			
Instruction	-	47,497	79,878
Support Services			
Students	-	-	2,367
Instruction	-	-	7,414
General Administration	-	-	-
School Administration	-	-	-
Central Services	-	-	-
Operation & Maintenance of Plant	-	-	-
Student Transportation	-	-	-
Other Support Services	-	-	-
Food Services Operations	208,651	-	-
Community Service	-	-	-
Capital outlay	-	-	-
Debt service - Principal	-	-	-
Debt service - Interest	-	-	-
<i>Total expenditures</i>	<u>208,651</u>	<u>47,497</u>	<u>89,659</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(9,018)</u>	<u>(20,774)</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>(9,018)</u>	<u>(20,774)</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	<u>7,070</u>	<u>41,464</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ (1,948)</u>	<u>\$ 20,690</u>	<u>\$ -</u>

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



Preschool IDEA-B 24109	Fresh Fruits and Vegetables 24118	IDEA-B Plan Results 24132	Teacher / Principal Training & Recruiting 24154	Rural and Low Income Schools 24160	Academic Enrichment Program 24189
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
11,157	6,406	21,944	19,046	-	5,879
-	-	-	-	-	-
<u>11,157</u>	<u>6,406</u>	<u>21,944</u>	<u>19,046</u>	<u>-</u>	<u>5,879</u>
11,157	-	21,944	18,048	-	5,879
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	998	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	6,406	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>11,157</u>	<u>6,406</u>	<u>21,944</u>	<u>19,046</u>	<u>-</u>	<u>5,879</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO**  
**MAGDALENA MUNICIPAL SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR FUNDS**  
**FOR THE YEAR ENDING JUNE 30, 2019**

	Johnson O'Malley 25131	Impact Aid Special Education 25145	Impact Aid Indian Education 25147	Title XIX Medicaid 3 / 21 Years 25153
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	12,505	61,051	131,293	80,734
Charges for services	-	-	-	-
<i>Total revenues</i>	<u>12,505</u>	<u>61,051</u>	<u>131,293</u>	<u>80,734</u>
<i>Expenditures:</i>				
Current:				
Instruction	7,883	45,513	100,169	125
Support Services				
Students	429	17,943	7,665	77,777
Instruction	-	-	-	-
General Administration	-	-	116	4,305
School Administration	1,086	-	19,468	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	3,107	-	1,416	-
Capital outlay	-	-	-	-
Debt service - Principal	-	-	-	-
Debt service - Interest	-	-	-	-
<i>Total expenditures</i>	<u>12,505</u>	<u>63,456</u>	<u>128,834</u>	<u>82,207</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(2,405)</u>	<u>2,459</u>	<u>(1,473)</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>(2,405)</u>	<u>2,459</u>	<u>(1,473)</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>4,347</u>	<u>1,616</u>	<u>102,588</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ 1,942</u>	<u>\$ 4,075</u>	<u>\$ 101,115</u>

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

Indian Ed Formula Grant 25184	Special Projects Demonstration USDE 25194	Farm to School 25208	Dual Credit Instructional Materials 27103	2012 GO Bonds - Student Library Fund (SB66) 27107	NM Reads to Lead K-3 Reading Initiative 27114
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	836	1,889	-
29,586	344,828	43,814	-	-	-
-	-	-	-	-	-
<u>29,586</u>	<u>344,828</u>	<u>43,814</u>	<u>836</u>	<u>1,889</u>	<u>-</u>
27,950	203,122	32,893	836	-	-
-	45,353	-	-	-	-
-	-	-	-	1,889	-
1,636	20,933	(104)	-	-	-
-	73,343	3,753	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	3,666	-	-	-
-	2,077	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>29,586</u>	<u>344,828</u>	<u>40,208</u>	<u>836</u>	<u>1,889</u>	<u>-</u>
-	-	3,606	-	-	-
-	-	3,606	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,606</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO**  
**MAGDALENA MUNICIPAL SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR FUNDS**  
**FOR THE YEAR ENDING JUNE 30, 2019**

	Excellence in Teaching 27125	Truancy Prevention 27141	Pre K Initiative 27149	Indian Education Act 27150
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	16,147	59,895	52,555	59,722
Federal grants	-	-	-	-
Charges for services	-	-	-	-
<i>Total revenues</i>	<u>16,147</u>	<u>59,895</u>	<u>52,555</u>	<u>59,722</u>
<i>Expenditures:</i>				
Current:				
Instruction	16,147	2,315	41,680	59,722
Support Services				
Students	-	57,580	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	10,875	-
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	-
Community Service	-	-	-	-
Capital outlay	-	-	-	-
Debt service - Principal	-	-	-	-
Debt service - Interest	-	-	-	-
<i>Total expenditures</i>	<u>16,147</u>	<u>59,895</u>	<u>52,555</u>	<u>59,722</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

Elementary Student Breakfast 27155	College Counselor Initiative 27189	Teachers Hard to Staff 27195	NM Roads DOT 28120	GRADS - Instruction 28190
\$ -	\$ -	\$ -	\$ -	\$ -
437	-	-	16,646	2,263
-	-	-	-	-
-	-	-	-	-
<u>437</u>	<u>-</u>	<u>-</u>	<u>16,646</u>	<u>2,263</u>
-	-	-	-	2,263
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
437	-	-	-	-
-	-	-	-	-
-	-	-	16,646	-
-	-	-	-	-
-	-	-	-	-
<u>437</u>	<u>-</u>	<u>-</u>	<u>16,646</u>	<u>2,263</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Private Direct			Total
	GRADS Plus 28203	Grants 29102	SB-9 31700	
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	11,994	-	70,827	293,211
Federal grants	-	-	-	1,040,260
Charges for services	-	20	-	44,018
<i>Total revenues</i>	<u>11,994</u>	<u>20</u>	<u>70,827</u>	<u>1,377,489</u>
<i>Expenditures:</i>				
Current:				
Instruction	11,991	-	-	737,012
Support Services				
Students	-	-	-	209,114
Instruction	-	-	-	9,303
General Administration	-	-	-	27,884
School Administration	-	-	-	97,650
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student Transportation	-	-	-	10,875
Other Support Services	-	-	-	-
Food Services Operations	-	-	-	219,160
Community Service	-	-	-	6,600
Capital outlay	-	-	70,827	87,473
Debt service - Principal	-	-	-	-
Debt service - Interest	-	-	-	-
<i>Total expenditures</i>	<u>11,991</u>	<u>-</u>	<u>70,827</u>	<u>1,405,071</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>3</u>	<u>20</u>	<u>-</u>	<u>(27,582)</u>
<i>Net changes in fund balances</i>	<u>3</u>	<u>20</u>	<u>-</u>	<u>(27,582)</u>
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157,085</u>
<i>Fund balances - end of year</i>	<u>\$ 3</u>	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ 129,503</u>

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

**SUPPORTING SCHEDULES**

**STATE OF NEW MEXICO**  
**MAGDALENA MUNICIPAL SCHOOL DISTRICT**  
**AGENCY FUNDS**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Schedule I  
(Page 1 of 3)

	Balance June 30, 2018	Additions	Adjustments	Deletions	Balance June 30, 2019
Administration Miscellaneous	\$ 2,295	\$ 9,417	\$ -	\$ 10,498	\$ 1,214
Yearbook	3,146	2,438	-	1,881	3,703
Elementary Fund	5,220	361	-	1,904	3,677
FFA	360	7,921	-	7,847	434
Football	1,913	191	-	632	1,472
Library	3,195	1,860	-	2,110	2,945
Flower Fund	199	370	-	150	419
National Honor Society	504	218	-	114	607
Native American Club - HS	25	1,130	-	703	452
Native American Club - MS	639	23	-	48	615
Native American Club - ES	281	170	-	146	305
Community Outreach	1,032	-	-	580	452
Class of 2022	1,088	972	-	518	1,542
Volleyball	5,731	3,780	-	7,194	2,317
Class of 2023	560	1,237	-	1,008	789
Student Council - High School	250	964	181	1,193	202
Class of 2021	1,521	1,628	-	974	2,174
Athletic Concession Fund	32,200	47,235	(976)	38,452	40,007
HS Boys Basketball	2,195	16,337	976	19,508	0
Magdalena Alumni Scholarship	510	-	-	-	510
Class of 2018	211	-	(181)	30	-
Class of 2019	2,012	1,654	-	3,069	597

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



**STATE OF NEW MEXICO**  
**MAGDALENA MUNICIPAL SCHOOL DISTRICT**  
**AGENCY FUNDS**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Schedule I  
(Page 2 of 3)

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Adjustments</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2019</u>
Class of 2020	1,407	928	-	1,160	1,175
Parent Advisory Council	2,138	1,961	-	2,686	1,413
Fifth Grade	1,030	4,559	-	5,149	440
Mesa	29	-	-	-	29
MMS Scholarship	3,217	4,250	-	4,250	3,217
HS Girls Basketball	1,857	9,875	-	10,280	1,451
Renaissance Program	2,229	445	-	320	2,354
Elementary Renaissance	594	-	-	-	594
Educators Scholarship	4,750	3,040	-	4,265	3,525
Close-Up	1,069				1,069
Clint Benjamin Memorial	2,170	1,315		3,485	-
Robo Club	1,936	1,622	-	1,997	1,561
Cheerleaders	2,456	575		699	2,332
High School	2,253	1,877	-	97	4,033
Autoshop	13,380	37,135	-	41,176	9,339
Board of Ed Scholarship	1,386	-		500	886
Culinary Arts	6	55			61
English Expo	-	269	-	-	269

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

**STATE OF NEW MEXICO**  
**MAGDALENA MUNICIPAL SCHOOL DISTRICT**  
**AGENCY FUNDS**  
**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Schedule I  
(Page 3 of 3)

	Balance June 30, 2018	Additions	Adjustments	Deletions	Balance June 30, 2019
Mid / High Incentives	1,688	-	-	976	712
SAP	659	-	-	659	-
Rodeo Club	482	3,280	-	2,144	1,618
Insurance Benefits	347	544,119	-	544,465	-
Skills USA Welding/Woodshop	-	5	-	-	5
Garden Club	1,413	2,546	-	-	3,959
Astronomy Club	181	434	-	-	615
Autoshop Scholarship	13,398				13,398
Class of 2025	-	1,006	-	-	1,006
PBS	570	3,675	-	3,502	743
Mid/High Science	-	4,876		-	4,876
Letterman Club	512	-	-	-	512
Spanish Club	1,056	-	-	133	923
Rocket Club	1,365	-	-	1,039	326
Baseball	3,528	2,805	-	4,925	1,408
Boxtops for Education	1,418	183	-	202	1,400
NRAO Science Donation	200	-		19	181
Track	353	8,256	-	6,518	2,091
Meteorology Club	132	700	-	831	1
Class of 2024	1,642	458	-	-	2,100
District 2-AA	-	13,044	-	6,355	6,688
Gaming Account	366	6,442	-	6,473	335
<b>Total All Schools</b>	<b>\$ 136,304</b>	<b>\$ 757,637</b>	<b>\$ 0</b>	<b>\$ 752,863</b>	<b>\$ 141,078</b>

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

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

Schedule II

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity</u>	<u>CUSIP Number</u>	<u>Face Value or Fair Market Value</u>
<b><u>Wells Fargo</u></b>				
Bank of New York Mellon	FNMA FNMS 3.000%	6/1/2046	3138WHER9	\$ 1,110,108
Bank of New York Mellon	FNMA FNMS 3.000%	7/1/2036	31418B6J0	133,067
				<u>\$ 1,243,176</u>

The accompanying notes are and integral part of these financial statements

**STATE OF NEW MEXICO**  
**MAGDALENA MUNICIPAL SCHOOL DISTRICT**  
**SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS**  
**JUNE 30, 2019**

Schedule III

Bank Account Type	Wells Fargo Bank	Totals
Checking - Clearing Account	\$ 670,788	\$ 670,788
Checking - Activity Account	163,628	163,628
Total On Deposit	834,416	834,416
Reconciling Items	(242,849)	(242,849)
Reconciled Balance June 30, 2019	<u>\$ 591,567</u>	<u>\$ 591,567</u>
Add: Petty Cash		-
Add: Investments		-
Less: Fiduciary Funds Cash		<u>(141,078)</u>
Cash per Government-wide Financial Statements		<u>\$ 450,489</u>

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

**STATE OF NEW MEXICO**  
**MAGDALENA MUNICIPAL SCHOOL DISTRICT**  
**CASH RECONCILIATION**  
**JUNE 30, 2019**

	Operational 11000	Teacherage 12000	Transportation 13000	Instructional Materials 14000
Cash, June 30, 2018	\$ 807,581	\$ 9,424	\$ 9	\$ 7,883
Add:				
2018-19 revenues	3,940,525	10,150	282,939	10,582
Loans from other funds	-	-	-	-
Total cash available	4,748,106	19,574	282,948	18,465
Less:				
2018-19 expenditures	(4,075,634)	(384)	(282,943)	(9,761)
Loans to other funds	-	-	-	-
Permanent cash transfers	-	-	(5)	-
Cash, June 30, 2019	<u>\$ 672,472</u>	<u>\$ 19,190</u>	<u>\$ -</u>	<u>\$ 8,704</u>

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

Food Service 21000	Athletics 22000	Student Activities 23000
\$ 4,431	\$ 41,464	\$ 136,018
170,172	26,723	757,637
<u>-</u>	<u>-</u>	<u>-</u>
174,603	68,187	893,655
(194,386)	(47,497)	(752,578)
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (19,783)</u>	<u>\$ 20,690</u>	<u>\$ 141,077</u>

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

**STATE OF NEW MEXICO**  
**MAGDALENA MUNICIPAL SCHOOL DISTRICT**  
**CASH RECONCILIATION**  
**JUNE 30, 2019**

	Federal Flowthrough 24000	Federal Direct 25000	State Flowthrough 27000	State Direct 28000	State & Local Grants 29000
Cash, June 30, 2018	\$ (320,006)	\$ 53,273	\$ (102,959)	\$ -	\$ (18,623)
Add:					
2018-19 revenues	486,719	748,665	191,633	30,414	18,643
Loans from other funds	-	-	-	-	-
Total cash available	166,713	801,938	88,674	30,414	20
Less:					
2018-19 expenditures	(587,495)	(704,254)	(195,505)	(30,900)	-
Loans to other funds	-	-	-	-	-
Prior year outstanding loans	-	-	-	-	-
Cash, June 30, 2019	<u>\$ (420,782)</u>	<u>\$ 97,684</u>	<u>\$ (106,831)</u>	<u>\$ (486)</u>	<u>\$ 20</u>

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

Bond Building 31100	Cap. Improv. SB 9 - State 31700	Cap. Improv. SB 9 - Local 31701	Debt Service 41000	Total
\$ -	\$ (50,470)	\$ 102,802	\$ 79,807	750,634
-	75,808	55,787	233,894	7,040,291
-	-	-	-	-
-	25,338	158,589	313,701	7,790,925
-	(70,827)	(26,817)	(220,371)	(7,199,352)
-	-	-	-	-
-	-	-	-	(5)
<u>\$ -</u>	<u>\$ (45,489)</u>	<u>\$ 131,772</u>	<u>\$ 93,330</u>	<u>\$ 591,568</u>

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



**COMPLIANCE SECTION**



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

**INDEPENDENT AUDITOR'S REPORT**

Brian Colón  
New Mexico State Auditor  
The Office of Management and Budget  
To the Board of Education  
Magdalena Municipal School District  
Magdalena, New Mexico

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general funds and major special revenue funds of the Magdalena Municipal School District, New Mexico, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Magdalena Municipal School District's basic financial statements and have issued our report thereon dated November 11, 2019.

Internal Control Over Financial Reporting

Management of the Magdalena Municipal School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Magdalena Municipal School District, New Mexico's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

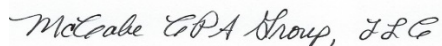
### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

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

McCabe CPA Group, LLC



Albuquerque, New Mexico  
November 11, 2019

**FEDERAL FINANCIAL ASSISTANCE**



**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE**

**INDEPENDENT AUDITOR'S REPORT**

Brian C. Colón, Esq.  
New Mexico State Auditor  
The Office of Management and Budget  
To the Board of Education  
Magdalena Municipal Schools  
Magdalena, New Mexico

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

We have audited Magdalena Municipal Schools (the District) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs.

**Auditor's Responsibility**

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

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

**Opinion on Each Major Federal Program**

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

## Report on Internal Control over Compliance

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

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

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

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

McCabe CPA Group, LLC

*McCabe CPA Group, LLC*

Albuquerque, New Mexico  
November 11, 2019

**STATE OF NEW MEXICO**  
**MAGDALENA MUNICIPAL SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Schedule V  
(Page 1 of 3)

Federal Grantor or Pass-Through Grantor / Program Title	Passthrough Number	Federal CFDA	Federal Expenditures
<b>U.S. Department of Education</b>			
<i>Passthrough State of New Mexico Department of Education</i>			
Title I	24101	84.010	\$ 251,799
IDEA- B - Entitlement	24106	84.027	89,659
IDEA- B - Pre School	24109	84.173	11,157
IDEA- B - Plan Results	24132	84.027	21,944
Title IIA Teacher / Principal Training	24154	84.367	19,046
Academic Enrichment	24189	84.424	5,879
Title I Direct Student Services	24193	84.367	181,605
<i>Subtotal - Passthrough State of New Mexico Department of Education</i>			<u>581,089</u>
<i>Direct U.S. Department of Education</i>			
Impact Aid (1)	11000	84.041	538,409
Impact Aid - Special Education (1)	25145	84.041	63,456
Impact Aid - Indian Education (1)	25147	84.041	128,834
Indian Education Formula Grant	25184	84.060A	29,586
Special Projects Demonstration USDE	25194	84.060A	344,828
<i>Subtotal - Direct U.S. Department of Education</i>			<u>1,105,113</u>
<b>Total U.S. Department of Education</b>			<u>1,686,202</u>

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

**STATE OF NEW MEXICO**  
**MAGDALENA MUNICIPAL SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Schedule IV  
(Page 2 of 3)

Federal Grantor or Pass-Through Grantor / Program Title	Passthrough Number	Federal CFDA	Federal Expenditures
<b>U.S. Department of Agriculture</b>			
<i>Direct U.S. Department of Agriculture</i>			
Farm to School	25208	10.575	40,208
Forest Reserve	11000	10.672	<u>49,960</u>
<i>Subtotal - Direct U.S. Department of Agriculture</i>			<u>90,168</u>
<i>Passthrough State of New Mexico Department of Education</i>			
Fresh Fruits and Vegetables	24118	10.582	6,406
School Lunch Program	21000	10.555	<u>174,808</u>
<i>Subtotal - Passthrough State of New Mexico Department of Education</i>			<u>174,808</u>
<i>Passthrough State of New Mexico Department of Health and Human Services</i>			
Food Distribution (Commodities)	21000	10.550	<u>14,265</u>
<i>Subtotal - Passthrough State of New Mexico Department of Health and Human Services</i>			<u>14,265</u>
<b>Total U.S. Department of Agriculture</b>			<u>279,241</u>
<b>U.S. Department of Interior</b>			
<i>Passthrough State of New Mexico Department of Education</i>			
Johnson O'Malley	25131	15.130	<u>12,505</u>
<b>Total U.S. Department of Interior</b>			<u>12,505</u>
<b>Total Federal Financial Assistance</b>			<u><u>\$ 1,977,948</u></u>

(1) Denotes Major Federal Financial Assistance Program

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



**STATE OF NEW MEXICO**  
**MAGDALENA MUNICIPAL SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Schedule IV  
(Page 3 of 3)

**Notes to Schedule of Expenditures of Federal Awards**

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the Magdalena Municipal School District and is presented on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. The information in this Schedule is presented in accordance with the requirements of OMB Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

2. Subrecipients

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

3. Non Cash Federal Assistance

The District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2019 was \$14,265 and is reported in the Schedule of Expenditures of Federal Awards under the Department of Agriculture Commodities program, CFDA number 10.550. Commodities are recorded as revenues and expenditures in the food service fund.

4. Indirect Cost Rate

The District has not elected to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

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

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 1,977,948
Total expenditures funded by other sources	<u>4,441,049</u>
Total expenditures	<u><u>6,418,997</u></u>

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



**STATE OF NEW MEXICO**  
**MAGDALENA MUNICIPAL SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**Section II – Financial Statement Findings**

None.

**Section III – Federal Award Findings**

None.

**Section IV – Prior Year Audit Findings**

2018-01 – PED Cash – Other Non-compliance – *Resolved*

2018-02 – Prepaying for Services not Rendered – Compliance and Internal Control Significant Deficiency – *Resolved*

2018-03 – Official Transcripts – Other Non-compliance – *Resolved*

**Section V – Other Disclosures**

Auditor Prepared Financials

McCabe Group, LLC assisted in the preparation of the financial statements presented in this report. The District's management has reviewed and approved the financial statements and related notes and they believe that their records adequately support the financial statements.

Exit Conference

The contents of this report were discussed on November 11, 2019. The following individuals were in attendance.

Magdalena Municipal School District  
Dr. Glenn Haven, Superintendent  
R. Dorothy Zamora, Business Manager  
Sharon Harris, Board Member

McCabe Group, LLC  
J.J. Griego, CPA