

STATE OF NEW MEXICO  
**MORA INDEPENDENT  
SCHOOL DISTRICT NO. 44**

---

---

FINANCIAL ANNUAL REPORT  
AND  
SUPPLEMENTAL INFORMATION  
YEAR ENDED JUNE 30, 2019  
WITH  
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

THIS PAGE INTENTIONALLY LEFT BLANK

INTRODUCTORY SECTION  
OF  
**MORA INDEPENDENT SCHOOL DISTRICT NO. 44**

ANNUAL FINANCIAL REPORT  
FISCAL YEAR 2019  
JULY 1, 2018 THROUGH JUNE 30, 2019



### **Vision Statement**

We the leadership of the Mora Independent Schools are committed to a vision in which the roots and values of our broader community shape our school culture and create an environment that is the best place to be, learn, work, grow and enjoy life!

### **Mission**

Mora Independent Schools exists as a concrete foundation to prioritize every student, every day, in every way. We will provide students with the resources necessary to be successful in life. Our school culture will be one of security, respect, honesty, loyalty, accountability, investment, and positivity.

THIS PAGE INTENTIONALLY LEFT BLANK

# TABLE OF CONTENTS

Year Ended June 30, 2019

## INTRODUCTORY SECTION

- Title Page
- iii Table of Contents
- v Official Roster

## FINANCIAL SECTION

- 3 Independent Auditors' Report

### BASIC FINANCIAL STATEMENTS:

#### Government-Wide Financial Statements:

- 6 Statement of Net Position
- 7 Statement of Activities

#### Fund Financial Statements:

- 8 Balance Sheet – Governmental Funds
- 11 Reconciliation of the Balance Sheet – All Governmental Funds to the Statement of Net Position
- 12 Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds
- 15 Reconciliation of the Statement of Revenue, Expenditures, and Changes In Fund Balance – All Governmental Funds to the Statement of Activities

#### Major Funds:

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

- 16 General Fund
- Special Revenue Funds:
- 17 Title I Fund # 24101
- 18 Entitlement IDEA – B 24106
- 19 Headstart 25127
- 20 Gear Up New Mexico Initiatives 25205
- 21 **Statement of Fiduciary Assets and Liabilities – Agency Funds**

#### Notes to the Financial Statements

- 23 Contents
- 24 Note I Summary of Significant Accounting Policies
- 35 Note II Stewardship, Compliance, and Accountability
- 37 Note III Detailed Notes On All Funds
- 41 Note IV Other Information

### REQUIRED SUPPLEMENTARY INFORMATION:

- 53 Schedule of the District's Proportionate Share of Net Pension Liability
- 53 Schedule of District's Contributions
- 53 Notes to the Required Supplementary Information
- 54 Schedule of the District's Proportionate Share of OPEB Liability
- 54 Schedule of District's OPEB Contributions
- 54 Notes to the OPEB Required Supplementary Information

# TABLE OF CONTENTS

Year Ended June 30, 2019

## OTHER SUPPLEMENTAL INFORMATION:

### Combining and Individual Fund Financial Statements and Schedules:

#### General Fund:

58	Combining Balance Sheet
59	Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
	Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis):

		<u>Fund #</u>
60	Operating Fund	11000
61	Transportation Fund	13000
62	Instructional Materials Fund	14000

#### Nonmajor Governmental Funds:

68	Combining Balance Sheet
73	Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

### State Required Disclosures:

#### Fiduciary Funds:

80	Schedule of Changes in Assets and Liabilities – All Agency Funds
81	Schedule of Pledged Collateral
82	Cash Reconciliation

## COMPLIANCE SECTION

85	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
87	Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by Uniform Guidance
90	Schedule of Expenditures of Federal Awards
91	Notes to the Schedule of Expenditures of Federal Awards
92	Schedule of Findings and Questioned Costs
102	Summary Schedule of Prior Year Audit Findings
103	Required Disclosure

# OFFICIAL ROSTER

June 30, 2019

---

## BOARD OF EDUCATION

Tranquilino Hurtado	Chairman
George A Trujillo	Vice- Chairman
Dennis Romero	Secretary/Treasurer
Lillian Maestas	Member
Michael Benjamin	Member

## SCHOOL OFFICIALS

Ella Arellano	Interim Superintendent (Administrative Leave)
Lefonso Castillo	Acting Superintendent
Miguel Martinez	Business Manager/Procurement Officer
Debra Alcon	AP Specialist/payroll
Dolores Romero	Executive Assistant Board/Superintendent

## AUDIT COMMITTEE

Tranquilino Hurtado	Member
Lillian Maestas	Member
Jack Rains	Member
Victoria Lovato	Member

## FINANCE COMMITTEE

Dennis Romero	Member
Michael Benjamin	Member
Francine Trujillo	Member
Inez Abeyta	Member
Faith Rivera	Member



THIS PAGE INTENTIONALLY LEFT BLANK



FINANCIAL SECTION  
OF  
**MORA INDEPENDENT SCHOOL DISTRICT NO. 44**  
ANNUAL FINANCIAL REPORT  
FISCAL YEAR 2019  
JULY 1, 2018 THROUGH JUNE 30, 2019



THIS PAGE INTENTIONALLY LEFT BLANK

## INDEPENDENT AUDITORS' REPORT

Brian S. Colón, Esq., State Auditor and  
The Board of Education and Audit Committee of  
Mora Independent School District No. 44

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of Mora Independent School District No. 44, as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise Mora Independent School District No. 44 basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Mora Independent School District No. 44'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 of Mora Independent School District No. 44, as of June 30, 2019, and the respective changes in financial position thereof and the respective budgetary comparisons for the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Brian S. Colón, Esq., State Auditor and  
The Board of Education and Audit Committee of  
Mora Independent School District No. 44

### **Other Matters**

#### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Accounting principles generally accepted in the United States of America also require that the Schedule of Proportionate Share of the Net Liability and Schedule of Contributions for pensions and OPEB on pages 52 and 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. 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 financial statements that collectively comprise the Mora Independent School District No. 44' basic financial statements. The supplemental information such as the budgetary comparisons for the major capital project fund, the combining and individual nonmajor fund financial statements, the budgetary comparisons for non-major special revenue funds, capital projects funds, debt service funds, and the other information, such as the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the other schedules required as stated in the table of contents by 2.2.2.NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

In accordance with Government Auditing Standards, we have also issued our report dated October 15, 2019 on our consideration of the Mora Independent School District No. 44' 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 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 Mora Independent School District No. 44' internal control over financial reporting and compliance.

*Accounting & Financial Solutions, LLC*  
Farmington, New Mexico  
October 15, 2019

BASIC FINANCIAL STATEMENTS  
OF  
**MORA INDEPENDENT SCHOOL DISTRICT NO. 44**

AS OF AND FOR THE YEAR ENDED  
JUNE 30, 2019

STATE OF NEW MEXICO  
**MORA INDEPENDENT SCHOOL DISTRICT NO. 44**

STATEMENT OF NET POSITION  
 June 30, 2019

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 875,132
Receivables:	
Delinquent property taxes receivable	90,786
Grant	252,949
Due from other governments	11,674
Food inventory	20,857
Non-current:	
Non-depreciable assets	460,006
Depreciable capital assets, net	<u>10,954,481</u>
<b>Total Assets</b>	<u><b>12,665,885</b></u>
<b>Deferred Outflows of Resources:</b>	
Contributions to pension subsequent to the measurement date	546,813
Difference between expected and actual pension experience	11,322
Net difference between projected and actual investment earnings on pension plan investments	34,343
Net change in pension assumptions	3,197,245
Net change in proportionate share of pension liability	82,467
Contributions to OPEB subsequent to the measurement date	<u>79,540</u>
<b>Total Deferred Outflows of Resources</b>	<u><b>3,951,730</b></u>
<b>Liabilities</b>	
Accounts payable	32,168
Compensated absences	41,611
Aggregate net pension liability	15,513,430
Aggregate OPEB liability	<u>3,790,026</u>
<b>Total Liabilities</b>	<u><b>19,377,235</b></u>
<b>Deferred Inflows of Resources</b>	
Difference between expected and actual pension experience	295,246
Net change in proportionate share of pension liability	142,189
Difference between expected and actual OPEB experience	224,394
Net difference between projected and actual investment earnings on OPEB plan investments	47,298
Net change in OPEB assumptions	707,581
Net change in proportionate share of OPEB liability	<u>36,265</u>
<b>Total Deferred Inflows of Resources</b>	<u><b>1,452,973</b></u>
<b>Net Position</b>	
Net investment in capital assets	11,414,487
Restricted for:	
Inventories	20,857
Special revenue funds	236,431
Capital projects	241,363
Debt service	106,428
Unrestricted	<u>(16,232,159)</u>
<b>Total Net Position</b>	<u><b>\$ (4,212,593)</b></u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>	
<u>Primary government:</u>		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>	
<b>Governmental activities:</b>						
Instruction	\$ 5,929,388	\$ 20,918	\$ 1,645,903	\$ 13,741	\$ (4,248,826)	
Support Services - Students	668,496	25,910	185,564	-	(457,022)	
Support Services - Instruction	723,501	-	200,832	-	(522,669)	
Support Services - General Administration	411,068	-	114,106	309	(296,653)	
Support Services - School Administration	418,638	-	116,207	-	(302,431)	
Central Services	264,052	-	73,297	-	(190,755)	
Operations & Maintenance of Plant	1,256,270	-	348,721	32,119	(875,430)	
Student Transportation	442,422	-	381,043	-	(61,379)	
Other Support Services	395	-	110	-	(285)	
Food Services	448,430	10,501	-	-	(437,929)	
Bond interest paid	16	-	-	-	(16)	
<b>Total governmental activities</b>	<b>\$ 10,562,676</b>	<b>\$ 57,329</b>	<b>\$ 3,065,783</b>	<b>\$ 46,169</b>	<b>(7,393,395)</b>	
General revenues:						
Taxes:						
Property Taxes:						
General purposes						30,180
Capital projects						184,535
Debt service						4,862
Grants and contributions not restricted						4,370,817
Miscellaneous income						61,378
Total general revenues						4,651,772
<i>Change in net position</i>						(2,741,623)
<b>Net position - beginning</b>						(1,470,970)
<b>Net position - ending</b>						<b>\$ (4,212,593)</b>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MORA INDEPENDENT SCHOOL DISTRICT NO. 44**

GOVERNMENTAL FUNDS

**Balance Sheet**  
**June 30, 2019**

	General <u>Fund</u>	Title I <u>Fund #24101</u>	Entitlement IDEA-B <u>Fund #24106</u>	Headstart <u>Fund #25127</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 413,103	\$ -	\$ -	\$ -
Receivables:				
Property taxes	7,429	-	-	-
Grant	-	53,884	54,166	20,453
Due from other governments	1,134	-	-	-
Due from other funds	214,926	-	-	-
Food inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<b><u>\$ 636,592</u></b>	<b><u>\$ 53,884</u></b>	<b><u>\$ 54,166</u></b>	<b><u>\$ 20,453</u></b>
 <b>Liabilities, deferred inflows, and fund balance</b>				
Liabilities:				
Accounts payable	\$ 22,441	\$ -	\$ -	\$ 8,803
Due to other funds	<u>-</u>	<u>53,884</u>	<u>54,166</u>	<u>11,650</u>
Total liabilities	<u>22,441</u>	<u>53,884</u>	<u>54,166</u>	<u>20,453</u>
Deferred inflows of resources:				
Delinquent property taxes	<u>6,497</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Debt service	-	-	-	-
Unassigned	<u>607,654</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>607,654</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b><u>\$ 636,592</u></b>	<b><u>\$ 53,884</u></b>	<b><u>\$ 54,166</u></b>	<b><u>\$ 20,453</u></b>

The notes to the financial statements are an integral part of this statement.



STATE OF NEW MEXICO  
**MORA INDEPENDENT SCHOOL DISTRICT NO. 44**

GOVERNMENTAL FUNDS

**Balance Sheet**  
**June 30, 2019**

	Gear Up New Mexico State Initiatives <u>Fund #25205</u>	Capital Improvements SB-9 <u>Fund #31701</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ 184,303	\$ 277,726	\$ 875,132
Receivables:				
Property taxes	-	49,303	34,054	90,786
Grant	62,200	-	62,246	252,949
Due from other governments	-	7,757	2,783	11,674
Due from other funds	-	-	-	214,926
Food inventory	<u>-</u>	<u>-</u>	<u>20,857</u>	<u>20,857</u>
<b>Total assets</b>	<u>\$ 62,200</u>	<u>\$ 241,363</u>	<u>\$ 397,666</u>	<u>\$ 1,466,324</u>
 <b>Liabilities, deferred inflows, and fund balance</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 924	\$ 32,168
Due to other funds	<u>62,200</u>	<u>-</u>	<u>33,026</u>	<u>214,926</u>
Total liabilities	<u>62,200</u>	<u>-</u>	<u>33,950</u>	<u>247,094</u>
Deferred inflows of resources:				
Delinquent property taxes	<u>-</u>	<u>42,944</u>	<u>30,091</u>	<u>79,532</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	20,857	20,857
Restricted for:				
Special revenue funds	-	-	236,431	236,431
Capital projects funds	-	198,419	-	198,419
Debt service	-	-	76,337	76,337
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>607,654</u>
Total fund balance	<u>-</u>	<u>198,419</u>	<u>333,625</u>	<u>1,139,698</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<u>\$ 62,200</u>	<u>\$ 241,363</u>	<u>\$ 397,666</u>	<u>\$ 1,466,324</u>

THIS PAGE INTENTIONALLY LEFT BLANK

STATE OF NEW MEXICO  
**MORA INDEPENDENT SCHOOL DISTRICT NO. 44**

RECONCILIATION OF THE BALANCE SHEET - ALL GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET POSITION  
**June 30, 2019**

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

Fund balances - total governmental funds	\$	1,139,698
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets		21,414,553
Accumulated depreciation		(10,000,066)
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property taxes receivable		79,532
Deferred outflow of resources are not financial resources, and therefore are not reported in the funds and include:		
Contributions to pension subsequent to the measurement date		546,813
Difference between expected and actual pension experience		11,322
Net difference between projected and actual investment earnings on pension plan investments		34,343
Net change in pension assumptions		3,197,245
Net change in proportionate share of pension liability		82,467
Contributions to OPEB subsequent to the measurement date		79,540
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds		
Accrued vacation payable		(41,611)
Net pension liability		(15,513,430)
Net OPEB liability		(3,790,026)
Deferred inflow of resources are not financial resources, and therefore are not reported in the funds and include:		
Difference between expected and actual pension experience		(295,246)
Net change in proportionate share of pension liability		(142,189)
Difference between expected and actual OPEB experience		(224,394)
Net difference between projected and actual investment earnings on OPEB plan investments		(47,298)
Net change in OPEB assumptions		(707,581)
Net change in proportionate share of OPEB liability		<u>(36,265)</u>
Net position of governmental activities	\$	<u>(4,212,593)</u>

STATE OF NEW MEXICO  
**MORA INDEPENDENT SCHOOL DISTRICT NO. 44**

GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures, and Changes in Fund Balance  
Year Ended June 30, 2019

	General Fund	Title I Fund #24101	Entitlement IDEA-B Fund #24106	Headstart Fund #25127
<b>Revenues:</b>				
Taxes:				
Property	\$ 30,172	\$ -	\$ -	\$ -
Intergovernmental - federal grants	99,105	124,019	124,396	1,553,812
Intergovernmental - state grants	4,767,386	-	-	-
Charges for services	20,918	-	-	-
Investment and interest income	2,509	-	-	-
Miscellaneous	<u>44,153</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total revenues</b>	<u>4,964,243</u>	<u>124,019</u>	<u>124,396</u>	<u>1,553,812</u>
<b>Expenditures:</b>				
Current:				
Instruction	2,499,498	124,019	99,525	643,723
Support services:				
Students	557,705	-	521	-
Instruction	20,413	-	-	572,563
General Administration	321,809	-	-	60,262
School Administration	352,295	-	24,350	-
Central Services	247,625	-	-	-
Operation & Maintenance of Plant	818,266	-	-	158,486
Student transportation	381,042	-	-	33,856
Other Support services	370	-	-	-
Food services operations	-	-	-	13,647
Capital outlay	-	-	-	71,275
Debt service:				
Principal retirement	-	-	-	-
Bond interest paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>5,199,023</u>	<u>124,019</u>	<u>124,396</u>	<u>1,553,812</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(234,780)	-	-	-
<b>Other financing uses:</b>				
Refunds	<u>(9,051)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	(243,831)	-	-	-
<b>Fund balance at beginning of the year</b>	<u>851,485</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u>\$ 607,654</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
**MORA INDEPENDENT SCHOOL DISTRICT NO. 44**

GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures, and Changes in Fund Balance  
Year Ended June 30, 2019

	Gear Up New Mexico State Initiatives <u>Fund #25205</u>	Capital Improvements SB-9 <u>Fund #31701</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>Revenues:</b>				
Taxes:				
Property	\$ -	\$ 184,423	\$ 35,683	\$ 250,278
Intergovernmental - federal grants	270,864	-	475,525	2,647,721
Intergovernmental - state grants	-	-	65,153	4,832,539
Charges for services	-	-	36,411	57,329
Investment and interest income	-	-	-	2,509
Miscellaneous	<u>4</u>	<u>25,862</u>	<u>410</u>	<u>70,429</u>
<b>Total revenues</b>	<u>270,868</u>	<u>210,285</u>	<u>613,182</u>	<u>7,860,805</u>
<b>Expenditures:</b>				
Current:				
Instruction	158,107	-	51,197	3,576,069
Support services:				
Students	14,781	-	53,900	626,907
Instruction	82,031	-	870	675,877
General Administration	-	1,935	1,489	385,495
School Administration	15,949	-	-	392,594
Central Services	-	-	-	247,625
Operation & Maintenance of Plant	-	179,799	21,564	1,178,115
Student transportation	-	-	-	414,898
Other Support services	-	-	-	370
Food services operations	-	-	406,885	420,532
Capital outlay	-	41,655	44,495	157,425
Debt service:				
Principal retirement	-	-	150,000	150,000
Bond interest paid	<u>-</u>	<u>-</u>	<u>3,150</u>	<u>3,150</u>
<b>Total expenditures</b>	<u>270,868</u>	<u>223,389</u>	<u>733,550</u>	<u>8,229,057</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	(13,104)	(120,368)	(368,252)
<b>Other financing uses:</b>				
Refunds	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,051)</u>
<i>Net change in fund balance</i>	-	(13,104)	(120,368)	(377,303)
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>211,523</u>	<u>453,993</u>	<u>1,517,001</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ 198,419</u>	<u>\$ 333,625</u>	<u>\$ 1,139,698</u>

The notes to the financial statements are an integral part of this statement.

THIS PAGE INTENTIONALLY LEFT BLANK

STATE OF NEW MEXICO  
**MORA INDEPENDENT SCHOOL DISTRICT NO. 44**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
**Year Ended June 30, 2019**

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

Net change in fund balance - total governmental funds	\$ (377,303)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year</p>	
Capital outlay	157,425
Depreciation	(657,126)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
<p>Deferred property taxes at:</p>	
June 30, 2018	(110,233)
June 30, 2019	79,532
<p>The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These differences in the treatment of long-term debt and related items consist of:</p>	
Current year principal payments	150,000
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
<p>Compensated absences at:</p>	
June 30, 2018	38,998
June 30, 2019	(41,611)
<p>Accrued interest at:</p>	
June 30, 2018	3,134
Deferred contributions to pension plan	546,813
Deferred contributions to OPEB plan	79,540
Pension expense	(2,623,498)
OPEB expense	<u>12,706</u>
Change in net position of governmental activities	<u>\$ (2,741,623)</u>

STATE OF NEW MEXICO  
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Taxes:				
Property	\$ 28,645	\$ 28,645	\$ 29,108	\$ 463
Intergovernmental - federal grants	54,000	54,000	99,105	45,105
Intergovernmental - state grants	4,763,789	4,763,789	4,767,386	3,597
Charges for services	21,962	21,962	20,918	(1,044)
Investment and interest income	-	-	2,509	2,509
Miscellaneous	-	41,372	44,153	2,781
<b>Total revenues</b>	4,868,396	4,909,768	4,963,179	53,411
<b>Expenditures:</b>				
Current:				
Instruction	2,638,098	2,667,663	2,499,243	168,420
Support services:				
Students	676,554	630,759	561,485	69,274
Instruction	23,723	24,739	21,181	3,558
General Administration	354,973	387,610	326,304	61,306
School Administration	332,268	354,518	352,337	2,181
Central Services	245,344	252,991	247,466	5,525
Operation & Maintenance of Plant	944,781	968,302	815,581	152,721
Student transportation	381,043	381,043	381,043	-
Other Support services	6,241	13,404	370	13,034
Capital outlay	2,000	90,000	-	90,000
<b>Total expenditures</b>	5,605,025	5,771,029	5,205,010	566,019
<i>Excess (deficiency) of revenues over expenditures</i>	(736,629)	(861,261)	(241,831)	619,430
<b>Other financing uses:</b>				
Refunds	-	-	(9,050)	(9,050)
<i>Net change in fund balance</i>	(736,629)	(861,261)	(250,881)	610,380
<i>Beginning cash balance budgeted</i>	736,629	861,261	-	(861,261)
<b>Fund balance at beginning of the year</b>	-	-	851,485	851,485
<b>Fund balance at end of the year</b>	\$ -	\$ -	600,604	\$ 600,604
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in property tax receivable			574	
Change in due from other governments			498	
Change in payables			5,986	
Change in deferred property taxes			(8)	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ 607,654	

The notes to the financial statements are an integral part of this statement.



STATE OF NEW MEXICO  
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

TITLE I FUND - NO. 24101  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ -	\$ 194,685	\$ 126,691	\$ (67,994)
<b>Expenditures:</b>				
Current:				
Instruction	-	190,905	124,020	66,885
Support services:				
General Administration	-	3,780	-	3,780
<b>Total expenditures</b>	-	194,685	124,020	70,665
<i>Excess of revenues over expenditures</i>	-	-	2,671	2,671
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	2,671	\$ 2,671
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			(2,671)	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

ENTITLEMENT IDEA-B FUND - NO. 24106  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ -	\$ 168,800	\$ 153,318	\$ (15,482)
<b>Expenditures:</b>				
Current:				
Instruction	-	143,582	99,525	44,057
Support services:				
Students	-	-	521	(521)
School Administration	-	25,218	24,350	868
<b>Total expenditures</b>	-	168,800	124,396	44,404
<i>Excess of revenues over expenditures</i>	-	-	28,922	28,922
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	28,922	\$ 28,922
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			(28,922)	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

HEADSTART FUND - NO. 25127  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ 794,732	\$ 2,376,166	\$ 1,545,155	\$ (831,011)
<b>Expenditures:</b>				
Current:				
Instruction	313,270	1,015,446	643,725	371,721
Support services:				
Students	4,000	8,000	-	8,000
Instruction	303,492	814,801	578,888	235,913
General Administration	58,908	129,958	60,262	69,696
Operation & Maintenance of Plant	71,260	219,794	111,968	107,826
Student transportation	17,800	36,635	33,856	2,779
Food services operations	12,000	37,000	13,647	23,353
Capital outlay	14,002	114,532	114,352	180
<b>Total expenditures</b>	794,732	2,376,166	1,556,698	819,468
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(11,543)	(11,543)
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	(11,543)	\$ (11,543)
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			8,657	
Change in payables			2,886	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

STATE OF NEW MEXICO  
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

GEAR UP NEW MEXICO STATE INITIATIVES FUND - NO. 25205  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Intergovernmental - federal grants	\$ -	\$ -	\$ 280,083	\$ 280,083
Intergovernmental - state grants	312,780	312,780	-	(312,780)
Miscellaneous	-	-	4	4
<b>Total revenues</b>	312,780	312,780	280,087	(32,693)
<b>Expenditures:</b>				
Current:				
Instruction	208,570	192,264	158,237	34,027
Support services:				
Students	18,996	18,996	14,781	4,215
Instruction	75,166	84,496	82,031	2,465
School Administration	10,048	17,024	15,949	1,075
<b>Total expenditures</b>	312,780	312,780	270,998	41,782
<i>Excess of revenues over expenditures</i>	-	-	9,089	9,089
<b>Fund balance at beginning of the year</b>	-	-	-	-
<b>Fund balance at end of the year</b>	\$ -	\$ -	9,089	\$ 9,089
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in grant receivable			(9,218)	
Change in payables			129	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ -	

The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO  
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

AGENCY FUNDS  
Statement of Fiduciary Assets and Liabilities  
June 30, 2019

ASSETS

Pooled cash and investments	\$ <u>82,439</u>
-----------------------------	------------------

LIABILITIES

Deposits held for others	\$ <u>82,439</u>
--------------------------	------------------

THIS PAGE INTENTIONALLY LEFT BLANK



<b>NOTE</b>	<b>PAGE</b>
I. SUMMARY OF ALL SIGNIFICANT ACCOUNTING POLICIES	
A. Reporting Entity	24
1. Blended Component Units	
2. Discretely Presented Component Units	
B. Implementation of New Accounting Principles	24
C. Government-Wide and Fund Financial Statements	28
D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	28
1. Major Funds	29
E. Assets, Liabilities, and Net Position or Equity	30
II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY	
A. Budgetary Information	35
B. Budgetary Violations	36
C. Deficit Fund Equity	36
III. DETAILED NOTES ON ALL FUNDS	
A. Cash and Temporary Investments	36
B. Receivables	37
C. Inter-Fund Receivables and Payables	38
D. Inter-Fund Transfers	38
E. Capital Assets	39
F. Long-Term Debt	40
IV. OTHER INFORMATION	
A. Risk Management	40
B. Employee Retirement Plan	41
C. Post-Retirement Health Care Benefits	46
D. Contingent Liabilities	50
E. Cash Flows	50
F. Subsequent Events	51



## I. SUMMARY OF ALL SIGNIFICANT ACCOUNTING POLICIES

### A. Reporting Entity

Mora Independent School District (District) is a special purpose government corporation governed by an elected five-member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public-school education in the town of Mora, New Mexico and the surrounding areas. The District is responsible for all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities.

The District's financial statements include all entities over which the Board of Education exercises oversight responsibility. Oversight responsibility includes such aspects as appointment of governing body members, designation of management, the ability to significantly influence operations, and accountability for fiscal matters. Based upon the application of these criteria, no component units or fiduciary units were included in the financial statements.

Generally Accepted Accounting Principles (GAAP) requires that financial statements present the District (primary government) and its component units. The District has no component units that are required to be presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*.

#### 1. Blended Component Units

The District does not have any component units reported as blended component units.

#### 2. Discretely Presented Component Units

The District does not have any component units reported as discretely presented component units.

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

### B. Implementation of New Accounting Principles

During fiscal year 2019, the District adopted the following Governmental Accounting Standards Board (GASB) Statements:

#### ➤ **GASB Statement No. 83**, *Certain Asset Retirement Obligations*

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. The best estimate should include probability weighting of all potential outcomes, when such information is available or can be obtained at reasonable cost. If probability weighting is not feasible at reasonable cost, the most likely amount should be used. This Statement requires that a deferred outflow of resources associated with an ARO be measured at the amount of the corresponding liability upon initial measurement.





## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### B. Implementation of New Accounting Principles (cont'd)

This Statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. In addition, it requires a government to evaluate all relevant factors at least annually to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays. A government should remeasure an ARO only when the result of the evaluation indicates there is a significant change in the estimated outlays. The deferred outflows of resources should be reduced and recognized as outflows of resources (for example, as an expense) in a systematic and rational manner over the estimated useful life of the tangible capital asset.

A government may have a minority share (less than 50 percent) of ownership interest in a jointly owned tangible capital asset in which a nongovernmental entity is the majority owner and reports its ARO in accordance with the guidance of another recognized accounting standards setter. Additionally, a government may have a minority share of ownership interest in a jointly owned tangible capital asset in which no joint owner has a majority ownership, and a nongovernmental joint owner that has operational responsibility for the jointly owned tangible capital asset reports the associated ARO in accordance with the guidance of another recognized accounting standards setter. In both situations, the government's minority share of an ARO should be reported using the measurement produced by the nongovernmental majority owner or the nongovernmental minority owner that has operational responsibility, without adjustment to conform to the liability measurement and recognition requirements of this Statement.

In some cases, governments are legally required to provide funding or other financial assurance for their performance of asset retirement activities. This Statement requires disclosure of how those funding and assurance requirements are being met by a government, as well as the amount of any assets restricted for payment of the government's AROs, if not separately displayed in the financial statements. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018 (FYE June 30, 2019). Earlier application is encouraged.

➤ **GASB Statement No. 88**, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*

The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

Requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018 (FYE June 30, 2019). Earlier application is encouraged.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:



## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### B. Implementation of New Accounting Principles (cont'd)

#### ➤ GASB Statement No. 84, *Fiduciary Activities*

This Statement supersedes NCGA Statement 1, Governmental Accounting and Financial Reporting Principles, footnote 24; Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, paragraph 4; Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, paragraphs 70–73, 110, and 111; Implementation Guide No. 2015-1, Questions 4.14.1, 4.14.2, 6.43.2, 7.7.2, and 7.52.4; and Implementation Guide No. 2016-1, Implementation Guidance Update—2016, Question 4.26. It also amends NCGA Statement 1, paragraphs 32, 139, 143, and 147; NCGA Statement 5, Accounting and Financial Reporting Principles for Lease Agreements of State and Local Governments, paragraphs 5 and 6; Statement No. 6, Accounting and Financial Reporting for Special Assessments, paragraph 19; Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, footnote 12; Statement No. 14, The Financial Reporting Entity, paragraphs 19 and 27; Statement No. 24, Accounting and Financial Reporting for Certain Grants and Other Financial Assistance, paragraph 5; Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, paragraphs 18 and 22; Statement 34, paragraphs 6, 12, 13, 63, 65, 67, 69, 106–109, 115, 123, 125, 135, 138, 141, and 147, and footnotes 48, 49, and 51; Statement No. 37, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments: Omnibus, paragraph 3; Statement No. 38, Certain Financial Statement Note Disclosures, paragraphs 6, 14, and 15; Statement No. 40, Deposit and Investment Risk Disclosures, paragraph 5; Statement No. 44, Economic Condition Reporting: The Statistical Section, paragraph 10; Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, paragraphs 30, 33, and 35; Statement No. 61, The Financial Reporting Entity: Omnibus, paragraph 9; Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, paragraph 34; Statement No. 67, Financial Reporting for Pension Plans, paragraph 11; Statement No. 72, Fair Value Measurement and Application, paragraph 80; Statement 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, paragraph 116; Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, paragraphs 18 and 59; NCGA Interpretation 6, Notes to the Financial Statements Disclosure, paragraph 5; Technical Bulletin No. 2006-1, Accounting and Financial Reporting by Employers and OPEB Plans for Payments from the Federal Government Pursuant to the Retiree Drug Subsidy Provisions of Medicare Part D, paragraph 8; Implementation Guide 2015-1, Questions 1.4.2, 1.4.8, 2.7.1, 2.7.2, 3.49.1, 3.55.2, 3.58.1, 4.6.2, 4.27.1, 4.28.1, 4.28.11, 4.30.3, 4.62.2, 5.64.3, 5.64.4, 5.113.1, 6.29.3, 6.34.3, 6.34.4, 6.43.5, 6.45.1, 6.45.3, 7.3.5, 7.4.1, 7.51.6, 7.52.2, 7.52.3, 7.52.5–7.52.8, 7.55.5, 7.72.10, 7.77.4, 7.81.1, 7.81.2, 7.84.1, 7.97.1, 7.97.2, 7.97.4, 8.1.2, 8.1.3, and 8.15.4; Implementation Guide 2016-1, Questions 4.2, 4.13, 4.27, 4.61–4.63, 5.7, 5.8, 5.16, and 5.24; and 2002 AICPA State and Local Government Auditing and Accounting Guide, paragraph 5.28.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government’s fiduciary funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.



## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### B. Implementation of New Accounting Principles (cont'd)

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018 (FYE June 30, 2020). Earlier application is encouraged. Changes adopted to conform to the provisions of this Statement should be applied retroactively by restating financial statements, if practicable, for all prior periods presented. If restatement for prior periods is not practicable, the cumulative effect, if any, of applying this Statement should be reported as a restatement of beginning net position (or fund balance or fund net position, as applicable) for the earliest period restated. In the first period that this Statement is applied, the notes to the financial statements should disclose the nature of the restatement and its effect. Also, the reason for not restating prior periods presented should be disclosed.

➤ **GASB Statement No. 87, *Leases***

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Definition of a Lease - A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

The provisions of this Statement are effective for reporting periods beginning after December 15, 2019 (FYE June 30, 2021).

➤ **GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period***

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this Statement apply to the financial statements of all state and local governments. In financial statements prepared using the economic resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expense in the period in which the cost is incurred. Such interest cost should not be capitalized as part of the historical cost of a capital asset. In financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 (FYE June 30, 2021). Earlier application is encouraged.

➤ **GASB Statement No. 90, *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61***

The primary objectives of this Statement are to improve consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations and to improve the relevance of financial statement information for certain component units.

This Statement modifies previous guidance for reporting a government's majority equity interest in a legally separate organization. This Statement also provides guidance for reporting a component unit if a government acquires a 100 percent equity interest in that component unit. The requirements of this Statement apply to the financial statements of all state and local governments.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018 (FYE June 30, 2020). Earlier application is encouraged.



## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### B. Implementation of New Accounting Principles (cont'd)

#### ➤ GASB Statement No. 91, *Conduit Debt Obligations*

This Statement provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2020 (FYE June 30, 2022). Earlier application is encouraged.

## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the school district. For the most part, the effect of inter-fund activity has been removed from these statements.

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

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

### D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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.

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. Revenues received during the year but are applicable to subsequent years are reported as deferred inflows of resources. 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. Expenditures incurred during the year that are for the benefit of subsequent years are reported as deferred outflows of resources.



**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (cont'd)**

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

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.

**General Fund** – The general fund is the government’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

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

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

GASB Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis* requires the District to present certain governmental funds as major funds. In addition to the General Fund, the District reports the following major governmental funds:

➤ SPECIAL REVENUE FUNDS

**Title I** (Fund No. 24101) Minimum Balance: None  
To help local education agencies (LEAs) and schools improve the teaching and learning of children failing, or most at-risk of failing, to meet challenging State academic standards. Funding authorization: Elementary and Secondary Education Act of 1965, Title I, Part A, 20 U.S.C. 6301 et seq.

**Entitlement IDEA-B** (Fund No. 24106) Minimum Balance: None  
Program provides grants to states that flow-through to schools, to assist them in providing a free appropriate public education to all children with disabilities. The program is funded by the United States government, under the Individuals with Disabilities Education Act, Part B, Section 611-617, and part D, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.

**Headstart** (Fund No. 25127) Minimum Balance: None  
To promote school readiness by enhancing the social and cognitive development of low-income children, including children on federally recognized reservations and children of migratory farm-workers, through the provision of comprehensive health, educational, nutritional, social and other services; and to involve parents in their children’s learning and to help parents make progress toward their educational, literacy and employment goals. Head Start also emphasizes the significant involvement of parents in the administration of their local Head Start programs. The project is funded through the federal government, under the Community Opportunities, Accountability, and Training and Educational Services Act of 1998, Title I, Section 101-119.

**Gear Up New Mexico Initiatives** (Fund No. 25205) Minimum Balance: None  
To encourage eligible entities to provide supportive services to elementary and middle schools, and secondary school students who are at risk of dropping out of school; and information to students and their parents about the advantages of obtaining a postsecondary education and the college financing options for the students and their parents. Authorization granted through Higher Education Act, Title IV, Part A, Subpart 2, Chapter 2, 20 U.S.C. 1070a-21-1070a-28.

➤ CAPITAL PROJECTS FUNDS

**Capital Improvements SB – 9** (Fund No. 31701) Minimum Balance: None  
This fund provides financing for the purchase of equipment and capital improvements to School District property. Funding is received from a 2 mill property tax levy and interest earned on investments, under New Mexico Senate Bill 9.



## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (cont'd)

#### ➤ DEBT SERVICE FUNDS

##### **Debt Service Fund** (Fund No. 41000)

Minimum Balance: None

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Additionally, the government reports the following fund types:

Fiduciary Funds –agency funds used to account for financial resources used by the student activity groups for which the District has stewardship

### E. Assets, Liabilities, and Net Position or Equity

#### 1. *Deposits and investments*

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

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

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

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

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

#### 2. *Receivables and payables*

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

The District's property taxes are levied each year on the assessed valuation of property located in the School District as of the preceding January 1st. Mill levy rates are set by the State of New Mexico each year for the General Fund, Capital Improvements SB – 9 Fund, and Debt Service Fund. Taxes are payable in two equal installments on November 10th and April 10th following the levy and become delinquent after 30 days.

Under GASB Statement 33, property taxes are impressed non-exchange revenue. Assets from impressed non-exchange transactions are reported when the District has an enforceable legal claim to the asset. The enforceable legal claim date for property taxes is the assessment date. Taxes are payable in two equal installments on November 10 and April 10th following the levy and become delinquent after 30 days. Therefore, the District has recorded a delinquent tax receivable and revenue for taxes received within the sixty days following year-end. A receivable and deferred revenue have been recorded for uncollected delinquent taxes. On the government-wide financial statements, the district has recorded delinquent property taxes receivable and revenue for taxes assessed as of year-end that have not be collected, as prescribed in GASB 34. An allowance for refunds and uncollectible amounts has not been recorded.



**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**E. Assets, Liabilities, and Net Position or Equity (cont'd)**

3. *Inventories*

The District’s method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories are actually consumed. Inventory is valued at cost. Inventory in the Food Service Fund consists of U.S.D.A. commodities and other purchased food and non-food supplies. The cost of purchased inventory is recorded as an expenditure at the time individual inventory items are consumed. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories.

4. *Capital assets*

Capital assets, which include property, plant, and equipment (software), are reported in the applicable governmental-wide financial statements. Beginning July 1, 2005, the threshold for defining Capital assets by the government was raised from \$1,000 to assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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. Software costs have been included with the cost of computer equipment and are capitalized with that equipment. The District does not develop software for internal use or any other use.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest on construction projects has not been capitalized.

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

	<b>ESTIMATED USEFUL LIVES</b>
<b>ASSETS</b>	<b>YEARS</b>
Buildings	40 - 50
Building improvements	20
Land Improvements	10 - 20
Vehicles	7
Office equipment	5
Computer equipment	3 - 5

5. *Compensated absences*

It is the District’s policy to permit employees to accumulate earned but unused vacation, which no more than 20 days will be paid to employees upon separation from the District’s service. Twelve-month employees that are full time are entitled to two weeks paid vacation per year. Vacation days may not accrue from one year to the next without the prior approval of the superintendent, and is accrued when incurred in the government-wide financial statements.

Accumulated sick leave is not payable upon termination and is recorded as expenditures when it is paid.

6. *Long-term obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discounts.

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



## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### E. Assets, Liabilities, and Net Position or Equity (cont'd)

#### 7. Pensions

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

#### 8. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Mexico Retiree Health Care Fund (RHCA) and additions to/deductions from RHCA's fiduciary net position have been determined on the same basis as they are reported by RHCA. For this purpose, RHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

#### 9. Deferred Outflows/Inflows of Resources

Both deferred inflows and outflows are reported in the Statement of Net Position but are not recognized in the financial statements as revenues, expenses, and reduction of liabilities or increase in assets until the period(s) to which they relate.

In addition to assets, the District reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position/fund balance that applies to future periods and will not be recognized as an expenditure until that time.

The District also reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position/fund balance that applies to future periods and so will not be recognized as a revenue until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources.

The District reports deferred outflows of resources for pension-related amounts for the District's share of the difference between projected and actual earnings, for the District's share of the difference between contributions to the individual plans and the proportionate share of the contributions, and for changes of assumptions or other inputs.

The District reports deferred inflows of resources for pension-related amounts in the government wide financial statements or the District's share of the difference between expected and actual experience and for the District's share of the difference between contributions to the individual plans and the proportionate share of the contributions.

Under the modified accrual basis of accounting, revenue and other fund financial resources are recognized in the period in which they become both measurable and available. Assets recorded in the fund financial statements for which the revenues are not available are reported as a deferred inflow of resources. Deferred inflows of resources are also comprised of property tax and long-term receivables that are unavailable in the fund statements.





## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### E. Assets, Liabilities, and Net Position or Equity (cont'd)

#### 10. *Fund balance*

##### a. Non-Spendable

The non-spendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

##### b. Restricted

Fund balance is reported as restricted when constraints placed on the use of resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

##### c. Committed

Amounts that can only be used for specific purposes pursuant to constraints imposed by the formal action of the District's Board of Education should be reported as committed fund balance. The committed amounts cannot be used for any other purpose unless the District's Board of Education removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District did not have committed fund balances for the year ended June 30, 2019.

##### d. Assigned

Assigned fund balance includes (a) all remaining amounts, except for negative balances, that are reported in governmental funds, other than the general fund, that are not classified as non-spendable and are neither restricted nor committed and amounts in the general fund that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. Intent, and removal of, is expressed by the Board of Education or the Finance Committee. The District did not have assigned fund balances for the year ended June 30, 2019.

##### e. Unassigned

The remaining fund balance, after all other classifications, within the general fund is reported as unassigned fund balance. This classification 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. In governmental funds other than the general fund, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, a negative fund balance will be reported as unassigned fund balance.

When committed, assigned, and unassigned resources are available for use, it is the District's policy to use committed first followed by assigned and unassigned resources as they are needed.

#### 11. *Net Position*

Net Position is presented on the Statement of Net Position and may be presented in any of three components.

##### a. Net investment in capital assets

This component of Net Position 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. The portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. That portion of the debt is included in restricted for capital projects.



## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### E. Assets, Liabilities, and Net Position or Equity (cont'd)

#### b. Restricted Net Position

Net Position is reported as being restricted when the restriction is either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

#### c. Unrestricted Net Position

Unrestricted Net Position consists of Net Position that does not meet the definition of “net investment in capital assets” or “restricted.”

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.

In the governmental environment, Net Position often is designated to indicate that management does not consider them to be available for general operations. In contrast to restricted Net Position, these types of constraints on resources are internal and management can remove or modify them. However, enabling legislation established by the reporting government should not be construed as an internal constraint.

#### 12. Indirect Costs

The District’s General Fund receives indirect cost reimbursements from the various federal programs it administers. These reimbursements are for expenses incurred in performing administrative functions on behalf of the Special Revenue Funds. They are shown as expenditures in the Special Revenue Funds, and as other special federal revenue in the General Fund.

#### 13. 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.

#### 14. Inter-fund Transactions

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

#### 15. Revenues

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

A school district’s program costs are determined through the use of various formulas using ‘program units’ which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education, 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$4,370,817 in state equalization guarantee distributions during the year ended June 30, 2019.



## I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### E. Assets, Liabilities, and Net Position or Equity (cont'd)

**Transportation Distribution:** School districts in the State of New Mexico received student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$381,043 in transportation distributions during the year ended June 30, 2019.

**Instructional Materials:** The New Mexico Public Education Department (PED) receives federal mineral leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the purchase of material listed on the PED 'Multiple List', while fifty percent of each allocation is available for purchases directly from vendors or transfer to the fifty percent account for purchase of material from the "Multiple List". Districts are allowed to carry forward unused textbook funds from year to year. The District received \$14,254 in instructional materials distributions during the year ended June 30, 2019.

#### 16. *Tax Abatements*

Governmental Accounting Standards Board Statement No. 77 requires the District to disclose information on certain tax abatement agreements effecting the District. Accordingly, the District did not have any tax abatements effecting the District during the year ended June 30, 2019.

## II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

### A. 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 Public School Budget and Planning Unit of the Department of Education. 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. The budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year. Such appropriated balance is legally restricted and is therefore presented as a reserved portion of fund balance.

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

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

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

1. In April or May, the superintendent submits to the Board of Education a proposed operating budget of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them, and has approval by the Department of Education.
2. In May or June, the budget is approved by the Board of Education.
3. The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called for.
4. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Department of Education.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds.



**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont'd)**

**A. Budgetary Information (cont'd)**

- 6. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for Budget purposes.

The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. The appropriated budget for the year ended June 30, 2019 was properly amended by the Board through the year. New Mexico state law prohibits a Governmental Agency to exceed an individual line item. These amendments resulted in the following changes:

	ORIGINAL	FINAL
<b>Major Funds:</b>		
General Funds	\$ 5,605,025	\$ 5,771,029
Special Revenue Funds:		
Title I	-	194,685
Entitlement IDEA-B	-	168,800
Headstart	794,732	2,376,166
Gear Up New Mexico State Init	312,780	312,780
Capital Projects Funds:		
Capital Improvements SB-9	297,705	297,705
<b>Nonmajor Funds:</b>		
Special Revenue Funds	735,648	1,101,939
Capital Projects Funds	49,828	72,227
<b>Total Budget</b>	<b>\$ 7,795,718</b>	<b>\$ 10,295,331</b>

**B. Budgetary Violations**

The District did not have any budgetary violations during the year ended June 30, 2019.

**C. Deficit Fund Equity**

The District did not have any deficit fund balances as of June 30, 2019.

**III. DETAILED NOTES ON ALL FUNDS**

**A. Cash and Temporary Investments**

At June 30, 2019, the carrying amount of the District's deposits was \$957,571 and the bank balance was \$1,404,326 with the difference consisting of outstanding checks.

	BALANCE
Financial institution:	
Southwest Capital	\$ 1,404,326
Less agency cash	(82,439)
Less net reconciling items	(446,755)
Total cash and equivalents	<u>\$ 875,132</u>

Of the total cash and cash equivalents balance, \$250,000 was covered by federal depository insurance and \$1,000,000 was covered by collateral held in joint safekeeping by a third party.



III. DETAILED NOTES ON ALL FUNDS (cont'd)

A. Cash and Temporary Investments (cont'd)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. New Mexico State Statutes require collateral pledged for deposits in excess of the federal deposit insurance to be delivered, or a joint safekeeping receipt be issued, to the District for at least one half of the amount on deposit with the institution. The District does not have a deposit policy for custodial credit risk, other than the following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). The statement listed below will meet the State of New Mexico Office of the State Auditor's requirement in reporting the uninsured portion of the deposits. As of June 30, 2019, \$154,326 of the District's bank deposits was exposed to custodial risk as follows:

	INSURED	UNDER INSURED	TOTAL
<b>Bank deposits:</b>			
Uninsured and uncollateralized	\$ 154,326	\$ -	\$ 154,326
Uninsured and collateral held by pledging bank's trust dept not in the District's name	1,000,000	-	1,000,000
Total uninsured	1,154,326	-	1,154,326
Insured (FDIC)	250,000	-	250,000
Total deposits	<u>\$ 1,404,326</u>	<u>\$ -</u>	<u>\$ 1,404,326</u>
<b>State of New Mexico collateral requirement:</b>			
50% of uninsured public fund bank deposits	\$ 577,164	\$ -	\$ 577,164
Pledged security	1,000,000	-	1,000,000
Over collateralization	<u>\$ 422,836</u>	<u>\$ -</u>	<u>\$ 422,836</u>

B. Receivables

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

	<u>RECEIVABLES</u>		<u>DUE FROM OTHER</u>	
	Property Taxes	Grants	Governments	Funds
<b>Major Funds:</b>				
General Funds	\$ 7,429	\$ -	\$ 1,134	\$ 214,926
Title I	-	53,884	-	-
Entitlement IDEA-B	-	54,166	-	-
Headstart	-	20,453	-	-
Gear Up New Mexico State Initiativ	-	62,200	-	-
Capital Improvements SB-9	49,303	-	7,757	-
<b>Other Governmental Funds</b>	<u>34,054</u>	<u>62,246</u>	<u>2,783</u>	<u>-</u>
<b>Total</b>	<u>\$ 90,786</u>	<u>\$ 252,949</u>	<u>\$ 11,674</u>	<u>\$ 214,926</u>

An allowance for doubtful accounts has not been established. All receivables are expected to be collectible.



**III. DETAILED NOTES ON ALL FUNDS (cont'd)**

**B. Receivables (cont'd)**

Governmental funds reported deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	UNAVAILABLE	UNEARNED
<b>Grant drawdowns prior to meeting all eligibility requirements</b>		
General Funds	\$ -	\$ -
Other Governmental Funds	-	-
<b>Delinquent property taxes</b>		
General Funds	6,497	-
Capital Improvements SB-9	42,944	-
Other Governmental Funds	30,091	-
<b>Total deferred/unearned revenue for governmental funds</b>	<u>\$ 79,532</u>	<u>\$ -</u>

**C. Inter-Fund Receivables and Payables**

The inter-fund receivables and payables at June 30, 2019 were:

	RECEIVABLES	PAYABLES
<b>Major Funds:</b>		
General Funds	\$ 214,926	\$ -
Title I	-	53,884
Entitlement IDEA-B	-	54,166
Headstart	-	11,650
Gear Up New Mexico State Initiati	-	62,200
Capital Improvements SB-9	-	-
<b>Other Governmental Funds</b>	-	33,026
<b>Total</b>	<u>\$ 214,926</u>	<u>\$ 214,926</u>

The inter-fund loans were made for the purposes of cash shortfalls within the individual funds. The loans are expected to be repaid within the next fiscal year.



III. DETAILED NOTES ON ALL FUNDS (cont'd)

E. Capital Assets

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

	BEGINNING	INCREASES	DECREASES	ENDING
<b>Governmental activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land	\$ 460,006	\$ -	\$ -	\$ 460,006
<u>Capital assets being depreciated:</u>				
Land improvements	3,127,328	56,572	-	3,183,900
Buildings and improvements	13,521,310	-	-	13,521,310
Furniture, fixtures, and equipment	4,148,484	100,853	-	4,249,337
<i>Total capital assets being depreciated</i>	<u>20,797,122</u>	<u>157,425</u>	<u>-</u>	<u>20,954,547</u>
Less accumulated depreciation for:				
Land improvements	(1,491,487)	(170,957)	-	(1,662,444)
Buildings and improvements	(4,559,395)	(360,785)	-	(4,920,180)
Furniture, fixtures, and equipment	(3,292,058)	(125,384)	-	(3,417,442)
<i>Total accumulated depreciation</i>	<u>(9,342,940)</u>	<u>(657,126)</u>	<u>-</u>	<u>(10,000,066)</u>
Total capital assets being depreciated, net	<u>11,454,182</u>	<u>(499,701)</u>	<u>-</u>	<u>10,954,481</u>
<b>Total capital assets, net</b>	<u>\$ 11,914,188</u>	<u>\$ (499,701)</u>	<u>\$ -</u>	<u>\$ 11,414,487</u>

Depreciation has been allocated to the functions by the following amounts:

DEPRECIATION ALLOCATION TO FUNCTIONS	
Instruction	\$ 368,880
Support Services - Students	41,589
Support Services - Instruction	45,011
Support Services - General Administration	25,573
Support Services - School Administration	26,044
Central Services	16,427
Operations & Maintenance of Plant	78,155
Student Transportation	27,524
Other Support Services	25
Food Services	27,898
Total Depreciation Expense	<u>\$ 657,126</u>

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

Construction commitments

The District is not involved in any long-term construction projects as part of their master plan for upgrading.



**III. DETAILED NOTES ON ALL FUNDS (cont'd)**

**F. Long-Term Debt**

**General Obligation Bonds**

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

BOND ISSUES	ORIGINAL AMOUNT	INTEREST RATES	BALANCE	CURRENT PORTION
Series 07/01/07	\$ 900,000	4.10% to 4.25%	\$ -	\$ -

	BEGINNING BALANCE	ADDITIONS	RETIREMENTS	ENDING BALANCE	DUE WITHIN ONE YEAR
<b>Compensated absences:</b>					
Compensated vacation	\$ 38,647	\$ 42,718	\$ 39,754	\$ 41,611	\$ 41,611
<b>Bonds payable</b>					
<u>Original Amount</u>	<u>Issue</u>				
\$ 900,000	07/01/07	150,000	-	150,000	-
		<u>\$ 188,647</u>	<u>\$ 42,718</u>	<u>\$ 189,754</u>	<u>\$ 41,611</u>

The liability of compensated absences is liquidated with resources from the general fund and several special revenue funds. The liquidation of bonds payable is done with resources from the debt service fund.

Balances shown for bonds and notes do not include unamortized premiums or deferred amounts on refinancing.

**IV. OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injury to employees; and natural disasters. The New Mexico Public Schools Insurance Authority (NMPSIA) was formed on April 5, 1985 under the New Mexico Public Schools Insurance Authority Act, Chapter 22, Section 2 of the New Mexico Statutes Annotated (NMSA 1978), as amended, as an insurance fund to provide health, disability and life insurance coverage (benefits coverage), and property, casualty and workers' compensation insurance coverage (risk coverage) to participating public schools, school board members, public school employees, and retirees within the State of New Mexico. The District is one of 91 members that participate in NMPSIA. Participation in NMPSIA is mandatory for all K-12 public schools except those with enrollment exceeding 60,000 students. Participation is voluntary for other public education institutions. The District pays an annual premium to the pool for its general insurance coverage. The agreement for formation of NMPSIA provides that the pool will be self-sustaining through member premiums. NMPSIA establishes self-insured retentions by line of coverage and procures insurance or reinsurance, where indicated, in excess of the self-insured retention on a per occurrence basis. NMPSIA will publish its own financial report for the year ended June 30, 2019.





#### IV. OTHER INFORMATION (cont'd)

##### B. Employee Retirement Plan

*Plan Description* - Substantially all of the District's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, Sections 1 through 52, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the New Mexico Educational Employees' Retirement Plan (Plan), which is a cost-sharing multiple-employer defined benefit retirement plan. ERB issues a separate, publicly available financial report that includes the financial statements and required supplementary information for the plan. That report may be obtained [www.nmerb.org](http://www.nmerb.org), [www.saonm.org](http://www.saonm.org), or by writing to:

ERB  
P.O. Box 26129  
Santa Fe, New Mexico 87502-6129  
[www.nmerb.org](http://www.nmerb.org)

Membership in the Plan is a condition of employment. Employees of public schools, universities, regional cooperatives, special schools and state agencies providing educational programs, who are employed at more than 25% of a full-time equivalency, are required to be members of the Plan. There were 156,789 active, retired, and inactive members in fiscal year 2018; there were 153,514 active, retired, and inactive members in fiscal year 2017.

*Benefits Provided* - The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. Benefits are based on three components: Final Average Salary (FAS), years of both earned and allowed service credits, and a 2.35% factor. The gross annual benefit is determined by multiplying the three components together. FAS is the higher of annual earnings for the previous 20 calendar quarters prior to retirement or the highest average annual earnings for any 20 consecutive calendar quarters.

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 or 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. The eligibility for a member who either becomes a new member on or after July 1, 2010, or at any time prior to that date refunded all member contributions and then became, or becomes, reemployed after that date 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.

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. There are three benefit options available: single life annuity; single life annuity monthly benefit reduced to provide for a 100% survivor's benefit; or single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit.

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit commencing on July 1 following the later of: (i) the year a member retires, or (ii) the year in which a member attains age 65 (Tier 1 and Tier 2) or age 67 (Tier 3).

If the plan's funded ratio for the next preceding fiscal year is 100%, or greater, Section 22-11-31(C)(1) of the New Mexico Statutes Annotated defines the adjustment factor as  $\frac{1}{2}$  of the percentage increase of the consumer price index between the next preceding calendar year and the preceding calendar year. The adjustment factor cannot exceed four percent, nor be less than two percent. However, if the percentage increase of the consumer price index is less than two percent, the adjustment factor will be equal to the percentage increase of the consumer price index.

If the plan's funded ratio for the next preceding fiscal year is greater than 90%, but less than 100%, Section 22-11-31(C)(2) indicates that the adjustment factor for all non-disability retirements will be 95% of the adjustment factor defined in Section 22-11-31(C)(1) if the member had 25 or more years of service credit at retirement and whose annuity is less than or equal to the median adjusted annuity for the fiscal year next preceding the adjustment date. For all other retirees eligible for an adjustment, the adjustment factor will be 90% of the adjustment factor defined in Section 22-11-31(C)(1).



#### IV. OTHER INFORMATION (cont'd)

##### B. Employee Retirement Plan (cont'd)

If the plan's funded ratio for the next preceding fiscal year is 90%, or less, Section 22-11-31(C)(3) indicates that the adjustment factor for all non-disability retirements will be 90% of the adjustment factor defined in Section 22-11-31(C)(1) if the member had 25 or more years of service credit at retirement and whose annuity is less than or equal to the median adjusted annuity for the fiscal year next preceding the adjustment date. For all other retirees eligible for an adjustment, the adjustment factor will be 80% of the adjustment factor defined in Section 22-11-31(C)(1).

Finally, annuities shall not be decreased in the event that there is a decrease in the consumer price index between the next preceding calendar year and the preceding calendar year.

As of July 1, 2013, for current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction was 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%. All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. 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%. All other retirees will have a 10% COLA reduction; their average will be 1.8%. 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.

A member is eligible for a disability benefit provided (a) he or she has credit for at least 10 years of service, and (b) the disability is approved by ERB. The monthly benefit is equal to 2% of FAS times years of service, but not less than the smaller of (a) one-third of FAS or (b) 2% of FAS times year of service projected to age 60. The disability benefit commences immediately upon the member's retirement. Disability benefits are payable as a monthly life annuity, with a guarantee that, if the payments made do not exceed the member's accumulated contributions, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. If the disabled member survives to age 60, the regular optional forms of payment are then applied. A member with five or more years of earned service credit on deferred status may retire on disability retirement when eligible under the Rule of 75 or when the member attains age 65.

The member, upon retirement, has three options as to how to receive the benefit.

Option A – If the member elects the Option A, there is no reduction to the monthly benefit other than any “Rule of 75” deductions or any community property or child support reductions. There will be no continuing benefit to a beneficiary or estate upon the retiree's death, except the balance, if any, of member contributions. Those contributions are usually exhausted in the first three to four years of retirement.

Option B – If the member elects Option B, the monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member and upon the retiree's death, the same benefit is paid to the beneficiary for his or her lifetime. The named beneficiary may not be changed after the effective date of retirement since the amount of the option is calculated by using both the age of the member and the beneficiary. If the beneficiary predeceases the member, the member's benefit will be adjusted by returning it to the Option A Benefit amount. The IRS prohibits selection of Option B for a non-spouse beneficiary more than ten years younger than the member.

Option C – If the member elects Option C, the monthly benefit is reduced to provide for a 50% survivor's benefit. The benefit is payable during the life of the member and upon the retiree's death, one half of the member's benefit is paid to the beneficiary for his or her lifetime. Here again, the named beneficiary may not be changed after the effective date of retirement. If the beneficiary predeceases the member, the member's benefit is adjusted by returning it to the Option A Benefit amount.

Under the provisions of Options B and C coverage, the beneficiary must be a person, and only one beneficiary may be named. The term beneficiary means a person having an insurable interest in the life of the member.

Member Contributions – Plan members whose annual salary is \$20,000 or less are required by statute to contribute 7.9% of their gross salary. Plan members whose annual salary is over \$20,000 are required to make the following contributions to the Plan: 10.7% of their gross salary in fiscal year 2019. For the fiscal year June 30, 2020, the salary determination will be increased to \$24,000.



**IV. OTHER INFORMATION (cont'd)**

**B. Employee Retirement Plan (cont'd)**

*Employer Contributions* – In fiscal year 2019, the District was required to contribute 13.9% of the gross covered salary for employees whose annual salary is \$20,000 or less, and 13.9% of the gross covered salary for employees whose annual salary is more than \$20,000. The contribution rate will increase to 14.15% for the year ended June 30, 2020. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District’s contributions to ERB for the fiscal years ending June 30, 2019 were \$548,813, which equal the amount of the required contributions for year ended June 30, 2019.

*Employers*

The Educational Retirement Act designates employers as Local Administrative Units, directly responsible for payment of compensation for the employment of members or participants of this Plan. There were 218 contributing employers in fiscal year 2018; there were 218 contributing employers in fiscal year 2017.

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

At June 30, 2019, the District reported a liability of \$15,513,430 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 that date. 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 school districts and regional education cooperatives, actuarially determined. At June 30, 2018, the District's proportion was 0.13046 percent, which was a decrease of 0.00210 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$2,623,498.

PENSION EXPENSE CALCULATION	
Net pension liability - end of the year	\$ 15,513,430
Net pension liability - beginning of the year	(14,732,013)
Deferred outflows of resources during the year	1,178,060
Deferred inflows of resources during the year	160,650
Reductions to ending net pension liability due contributions paid	<u>503,371</u>
Total Pension Expense	<u>\$ 2,623,498</u>

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OUTFLOWS	INFLOWS
Difference between expected and actual experience	\$ 11,322	\$ 295,246
Change of assumptions	3,197,245	-
Net difference between projected and actual earnings on pension plan investments	34,343	-
Changes in proportion and differences between District contributions and proportionate share of contributions	82,467	142,189
District contributions subsequent to the measurement date	<u>546,813</u>	<u>-</u>
Total	<u>\$ 3,872,190</u>	<u>\$ 437,435</u>



**IV. OTHER INFORMATION (cont'd)**

**B. Employee Retirement Plan (cont'd)**

Deferred outflows of resources related to pensions in the amount of \$548,813 resulted from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

JUNE 30,	AMORTIZATION
2020	\$ 1,790,826
2021	1,144,529
2022	(47,865)
2023	452
2024	-
Thereafter	-
Total	<u>\$ 2,887,942</u>

*Actuarial Assumptions*

A single discount rate of 5.69% was used to measure the total pension liability as of June 30, 2018. This single discount rate was based on an expected rate of return on pension plan investments of 7.25 percent and a municipal bond rate of 3.62 percent. Based on the assumptions described below and the projection of cash flows, pension plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. The long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2018. The total pension liability was rolled forward from the valuation date to the Plan's year ended 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 or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2018. The liabilities reflect the impact of the new assumptions adopted by the Board of Trustees on April 21, 2017 as well as the change in the single discount rate between June 30, 2017 and June 30, 2018. Specifically, the liabilities measured as of June 30, 2018 incorporate the following assumptions:

- 1) All members with an annual salary of more than \$20,000 will contribute 10.7% during the fiscal year ending June 30, 2015 and thereafter.
- 2) Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their Cost of Living Adjustment (COLA) will be deferred until age 67.
- 3) COLAs for most retirees are reduced until ERB attains a 100% funded status.
- 4) The new assumptions adopted by the Board on April 21, 2017 in conjunction with the change in the single discount rate, and
- 5) For purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years

For the purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years. The actuarial methods and assumptions used to determine contributions rates included in the measurement are as follows:

Actuarial Cost Method Entry Age:	Normal
Amortization Method:	Level Percentage of Payroll
Remaining Period:	Amortized - closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method:	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation:	2.50%
Salary Increases:	Composition: 3.00% inflation, plus 0.75% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return:	7.25%



**IV. OTHER INFORMATION (cont'd)**

**B. Employee Retirement Plan (cont'd)**

Single Discount Rate:	5.69%
Retirement Age:	Experience based table of age and service rates
Mortality:	Healthy Males – RP-2000 Combined Mortality Table with white collar adjustments, generational mortality improvements with scale BB.  Healthy Females – GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with scale BB from the table's base year of 2012.

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class. Best estimates of geometric real rates of return for each major asset class included in the Plan's target asset allocation for 2018 and 2017 for 30-year return assumptions are summarized in the following table:

<u>Asset Class</u>	2018 Long-Term Expected <u>Real Rate of Return</u>	2017 Long-Term Expected <u>Real Rate of Return</u>
Cash	-0.49%	-0.25%
U.S. Treasuries	-0.01%	0.25%
IG Corp Credit	1.44%	1.75%
Mortgage Backed Securities	-0.01%	0.25%
Core Bonds*	0.47%	0.75%
Treasury Inflation Protected Securities	0.48%	0.50%
High-Yield Bonds	2.13%	2.50%
Bank Loans	2.16%	2.75%
Global Bonds (Unhedged)	-0.75%	-0.50%
Global Bonds (Hedged)	-0.47%	-0.38%
Emerging Market Debt External	1.64%	2.50%
Emerging Market Debt Local Currency	3.10%	3.25%
Large Cap Equities	4.03%	4.25%
Small/ Mid Cap Equities	4.24%	4.50%
International Equities (Unhedged)	4.24%	4.50%
International Equities (Hedged)	4.65%	4.89%
Emerging International Equities	5.61%	6.25%
Private Equity	5.92%	6.25%
Private Debt	4.07%	4.75%
Private Real Assets	4.24%	5.90%
Real Estate	3.10%	3.25%
Commodities	2.08%	2.25%
Hedge Funds	2.97%	3.22%

Rate of Return

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

- 1) Rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.),
- 2) Application of key economic projections (inflation, real growth, dividends, etc.), and
- 3) Structural themes (supply and demand imbalances, capital flows, etc.).

These items are developed for each major asset class.



**IV. OTHER INFORMATION (cont'd)**

**B. Employee Retirement Plan (cont'd)**

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate Assumption*

The following table shows the sensitivity of the net pension liability to changes in the discount rate as of fiscal year end 2018, 2017, and 2016. In particular, the table presents the Plan's net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower or one percentage point higher than the single discount rate.

		CURRENT SINGLE RATE			
		Discount Rate	1% Decrease	Single Rate Assumption	1% Increase
<b>ERB (All Employers)</b>					
2018	5.69%	\$ 15,454,175,919	\$ 11,891,330,976	\$ 8,984,271,849	
2017	5.90%	14,466,972,041	11,113,468,217	8,372,251,980	
2016	7.75%	9,531,509,131	7,196,433,561	5,258,980,529	
<b>Mora Independent School District No. 44</b>					
2018	5.69%	\$ 20,161,518	\$ 15,513,430	\$ 11,720,881	
2017	5.90%	19,177,418	14,732,013	11,098,257	
2016	7.75%	12,373,805	9,342,410	6,827,209	

**C. Post-Retirement Health Care Benefits**

*Plan Description* - The District, as an employer, contributes to the New Mexico Retiree Health Care Fund (RHCA), a cost-sharing multiple-employer defined benefit postemployment healthcare plan. The plan provides healthcare insurance and prescription drug benefits to retired employees of participating employers, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies. RHCA issues a separate, publicly available financial report that includes the financial statements and required supplementary information for the plan. That report may be obtained [www.nmrhca.org](http://www.nmrhca.org), [www.saonm.org](http://www.saonm.org), or by writing to:

Retiree Health Care Authority  
4308 Carlisle NE, Suite 104  
Albuquerque, NM 87107

The plan is used to provide postemployment benefits other than pensions (OPEB) for retirees who were an employee of participating employer in either the New Mexico Public Employees Retirement Association (PERA) or Educational Retirement Board (ERB), eligible to receive a pension. For employers who “buy-in” to the plan, retirees are eligible for benefits six months after the effective date of employer participation. Retirees not in a PERA enhanced (Fire, Police, Corrections) pension plan who commence benefits on or after January 1, 2020 will not receive any subsidy from RHCA before age 55.



#### IV. OTHER INFORMATION (cont'd)

##### C. Post-Retirement Health Care Benefits (cont'd)

Eligible retirees are:

- 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which the event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement;
- 2) retirees defined by the Act who retired prior to July 1, 1990;
- 3) former legislators who served at least two years; and
- 4) former governing authority members who served at least four years.

There were 156,025 active, retired, surviving spouses, and inactive members in fiscal year 2018; there were 160,035 active, retired, surviving spouses, and inactive members in fiscal year 2017.

##### *Funding Policy*

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service-based subsidy rate schedule for the medical, plus basic life plan, plus an additional participation fee of five dollars (\$5) if the eligible participant retired prior to the employer's effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from RHCA or viewed on their website at [www.nmrhca.org](http://www.nmrhca.org).

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the fund in the amount determined to be appropriate by the Board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

*Benefits Provided* - Retirees and spouses are eligible for medical and prescription drug benefits. Dental and vision benefits are also available but were not included in any valuation since they are 100% retiree-paid. A description of these benefits may be found in Enrolled Participants at [www.nmrhca.org](http://www.nmrhca.org).

*Member Contributions* – Employees that were not members of an enhanced plan, the statute required each participating employee was required to contribute 1% of their gross salary in fiscal year 2019.

*Employer Contributions* – In fiscal year 2019, the District was required to contribute 2% of the gross covered salary for employees who are entitled to RHCA benefits. The District's contributions to RHCA for the fiscal year ending June 30, 2019 was \$79,540, which equal the amount of the required contributions for each fiscal year.

*Employers* - The Educational Retirement Act designates employers as Local Administrative Units, directly responsible for payment of compensation for the employment of members or participants of this Plan. There were 302 contributing employers in fiscal year 2018.



**IV. OTHER INFORMATION (cont'd)**

**C. Post-Retirement Health Care Benefits (cont'd)**

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

At June 30, 2019, the District reported a liability of \$3,790,026 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2018, the District's proportion was 0.08716 percent, which was a decrease of .000790 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized OPEB income of \$12,706.

OPEB EXPENSE CALCULATION	
Net OPEB liability - end of the year	\$ 3,790,026
Net OPEB liability - beginning of the year	(3,985,606)
Deferred inflows of resources during the year	108,423
Reductions to ending net OPEB liability due contributions paid	<u>74,451</u>
Total OPEB Income	<u>\$ (12,706)</u>

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OUTFLOWS	INFLOWS
Difference between expected and actual experience	\$ -	\$ 224,394
Change of assumptions	-	707,581
Net difference between projected and actual earnings on OPEB plan investments	-	47,298
Changes in proportion and differences between District contributions and proportionate share of contributions	-	36,265
District contributions subsequent to the measurement date	<u>79,540</u>	-
Total	<u>\$ 79,540</u>	<u>\$ 1,015,538</u>

Deferred outflows of resources related to OPEB in the amount of \$74,451 resulted from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020 (OPEB measurement date June 30, 2019). Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

JUNE 30,	AMORTIZATION
2020	\$ (256,495)
2021	(256,495)
2022	(256,495)
2023	(199,829)
2024	(46,224)
Thereafter	<u>-</u>
Total	<u>\$ (1,015,538)</u>





**IV. OTHER INFORMATION (cont'd)**

**C. Post-Retirement Health Care Benefits (cont'd)**

Actuarial Assumptions

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

A blended rate of the assumed investment return on Plan assets (e.g. 7.25% for the June 30, 2019 valuation) and the rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (e.g. 3.58% as of June 30, 2017). The 7.25% discount rate was used to calculate the net OPEB liability through June 30, 2029. Benefit payments after June 30, 2029 are then discounted by the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher, currently 4.08%. The blended discount rate of 4.08% was used to measure the total OPEB liability as of June 30, 2018.

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions:

Valuation Date:	June 30, 2017
Actuarial Cost Method:	Entry age normal, level percent of pay, calculated on individual employee basis
Amortization Method:	30-year open-ended amortization, level percent of payroll
Remaining Period:	30 years as of June 30, 2016
Asset Valuation Method:	Market value of assets

Actuarial assumptions

Inflation:	2.50% for ERB; 2.25% for PERA
Projected Salary Increases:	3.5% 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

Rate of Return

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

<u>Asset Class</u>	2018	2017
	<u>Long-Term Expected Real Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
U.S. core fixed income	2.1	9.1
U.S. equity - large cap	7.1	9.1
Non U.S. - emerging markets	10.2	12.2
Non U.S. - developed equities	7.8	9.8
Private equity	11.8	13.8
Credit and structured finance	5.3	7.3
Real estate	4.9	6.9
Absolute return	4.1	6.1
U.S. equity - small/mid cap	7.1	9.1



**IV. OTHER INFORMATION (cont'd)**

**C. Post-Retirement Health Care Benefits (cont'd)**

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate Assumption*

The following table shows the sensitivity of the net OPEB liability to changes in the discount rate as of June 30, 2018. In particular, the table presents the Plan's net OPEB liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (1% decrease) or one percentage point higher (1% increase) than the single discount rate.

		CURRENT SINGLE RATE			
		Discount Rate	1% Decrease	Single Rate Assumption	1% Increase
<b>RHCA (All Employers)</b>					
2018	4.08%	\$ 5,262,533,266	\$ 4,348,354,815	\$ 3,627,778,443	
2017	3.81%	5,496,848,763	4,531,673,018	3,774,405,896	
<b>Mora Independent School District No. 44</b>					
2018	4.08%	\$ 4,586,824	\$ 3,790,026	\$ 3,161,972	
2017	3.81%	4,834,478	3,985,606	3,319,590	

The following presents the Net OPEB Liability of RHCA as of June 30, 2018, as well as what the Fund's Net OPEB Liability would be if it were calculated using a health cost trend rate that is one percentage point lower (1% decrease) or one percentage point higher (1% increase) than the health cost trend rates used:

		HEALTH COST TREND RATE		
		1% Decrease	Current Trend Rates	1% Increase
<b>RHCA (All Employers)</b>				
2018	\$ 3,854,499,980	\$ 4,348,354,815	\$ 5,059,700,584	
<b>Mora Independent School District No. 44</b>				
2018	\$ 2,303,901	\$ 3,790,260	\$ 4,249,561	

**D. Contingent Liabilities**

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

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the government.

**E. Cash Flows**

The District's federal and state grants operate on a reimbursement basis. The District must support the expenditures of these grants with monies from the unrestricted operating monies. Operating on a reimbursement basis for these grants in its self does not adversely affect the District's ability to operate effectively. However, the time it takes to receive reimbursement, if extensive, does significantly affect the District's cash flows and the ability to deliver educational services to the community in an effective manner. This could affect the District's financial operations in subsequent years.



---

**IV. OTHER INFORMATION (cont'd)**

**G. Subsequent Events**

Subsequent events were evaluated through October 15, 2019 which is the date the financial statements were available to be issued.



SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY  
Educational Retirement Board (ERB) Pension Plan  
Last 10 Fiscal Years\*

	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.130460%	0.165630%	0.129820%	0.131410%	0.128440%
District's proportionate share of the net pension liability	\$ 15,513,430	\$ 14,732,013	\$ 9,342,410	\$ 8,511,776	\$ 7,378,434
District's covered-employee payroll	\$ 3,644,816	\$ 3,707,676	\$ 3,587,914	\$ 3,540,402	\$ 3,564,461
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	425.63%	397.34%	260.39%	240.42%	207.00%
Plan fiduciary net position as a percentage of the total pension liability	52.17%	52.95%	61.58%	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 will present information for those years for which information is available.

SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS  
Educational Retirement Board (ERB) Pension Plan  
Last 10 Fiscal Years\*

	2019	2018	2017	2016	2015
Contractually required contribution	\$ 552,750	\$ 506,629	\$ 515,366	\$ 592,594	\$ 519,026
Contributions in relation to the contractually required	<u>(552,750)</u>	<u>(503,371)</u>	<u>(515,366)</u>	<u>(519,257)</u>	<u>(519,026)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 3,258</u>	<u>\$ -</u>	<u>\$ 73,337</u>	<u>\$ -</u>
District's Covered-employee Payroll	\$ 3,976,620	\$ 3,644,816	\$ 3,707,676	\$ 3,587,914	\$ 3,540,402
Contribution as a percentage of covered-employee payroll	13.90%	13.81%	13.90%	14.47%	14.66%

\* 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.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2019

*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 30, 2016, ERB implemented the following changes in assumptions for fiscal years 2018.

Fiscal year 2018 valuation assumptions that changed based on this study:

- Minor changes to demographic assumptions
- Lower COLA assumption from 2.00% per year to 1.90%
- Lower salary increases at 3.00% inflation, plus 0.75% productivity increase rate, plus step-rate promotional increases for less than ten years of service to 2.50% inflation, plus 0.75%

Assumptions that were not changed:

- Wage inflation 3.25%
- Payroll growth 3.00%
- COLA assumption 1.90% per year
- Salary increases at 2.50% inflation, plus 0.75% productivity increase rate, plus step-rate promotional increases for less than ten years of service
- Inflation rate 2.50%
- Investment return 7.25%

See also the Note VI (B) *Actuarial Assumptions* of the financial statement note disclosure on the Pension Plan.



SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET OPEB LIABILITY  
Retiree Health Care Authority (RHCA) OPEB Plan  
Last 10 Fiscal Years\*

	2019	2018
District's proportion of the net OPEB liability	0.087950%	0.087950%
District's proportionate share of the net OPEB liability	\$ 3,790,026	\$ 3,985,606
District's covered-employee payroll	\$ 3,976,217	\$ 3,775,931
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	95.32%	105.55%
Plan fiduciary net position as a percentage of the total OPEB liability	13.14%	11.34%

\* 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.

SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS  
Retiree Health Care Authority (RHCA) OPEB Plan  
Last 10 Fiscal Years\*

	2019	2018
Contractually required contribution	\$ 75,518	\$ 74,396
Contributions in relation to the contractually required	<u>(75,513)</u>	<u>(74,451)</u>
Contribution deficiency (excess)	<u>\$ 5</u>	<u>\$ (55)</u>
District's Covered-employee Payroll	\$ 3,775,931	\$ 3,719,827
Contribution as a percentage of covered-employee payroll	2.00%	2.00%

\* 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.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2019

*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:* RHCA conducts an actuarial experience study for the Plan on a biennial basis. Based on the six-year actuarial experience study presented to the Board of Trustees on June 30, 2017, RHCA implemented the following changes in assumptions for fiscal years 2014 and 2013.

The total OPEB liability as of June 30, 2017 was determined by an actuarial valuation as of June 30, 2017. The mortality, retirement, disability, turnover and salary increase assumptions are based on the PERA annual valuation as of June 30, 2016 and the ERB actuarial experience study as of June 30, 2016.

- 1) Fiscal year 2018 valuation assumptions that changed based on this study:
  - a. Minor changes to demographic assumptions
- 2) Assumptions that were not changed:
  - a. Investment return 7.25%
  - b. Inflation rate 2.50% for ERB and 2.25 for PERA
  - c. Population growth per year at 0.00%
  - d. Health care cost trend rate 8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5%

See also the Note IV (C) *Actuarial Assumptions* of the financial statement note disclosure on the OPEB Plan.

THIS PAGE INTENTIONALLY LEFT BLANK

OTHER SUPPLEMENTAL INFORMATION  
OF  
**MORA INDEPENDENT SCHOOL DISTRICT NO. 44**  
AS OF AND FOR THE YEAR ENDED  
JUNE 30, 2019

THIS PAGE INTENTIONALLY LEFT BLANK



## OTHER SUPPLEMENTAL INFORMATION

( *GENERAL FUNDS* )

**OPERATING FUND** (Fund No. 11000)

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

**TRANSPORTATION FUND** (Fund No. 13000)

Accounts for all the Transportation funds received through the state that are used in the maintaining and operating vehicles used to transport students.

**INSTRUCTIONAL MATERIALS FUND** (Fund No. 14000)

Accounts for all the Instructional Materials funds received through the state for the purpose of acquiring study materials for the students.

STATE OF NEW MEXICO  
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

GENERAL FUNDS  
Combining Balance Sheet  
June 30, 2019

	Operational Fund #11000	Transportation Fund #13000	Instructional Materials Fund #14000	Total General Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 391,846	\$ 9,051	\$ 12,206	\$ 413,103
Receivables:				
Property taxes	7,429	-	-	7,429
Due from other governments	1,134	-	-	1,134
Due from other funds	<u>214,926</u>	<u>-</u>	<u>-</u>	<u>214,926</u>
<b>Total assets</b>	<u>\$ 615,335</u>	<u>\$ 9,051</u>	<u>\$ 12,206</u>	<u>\$ 636,592</u>
 <b>Liabilities, deferred inflows and fund balance</b>				
Liabilities:				
Accounts payable	\$ 22,441	\$ -	\$ -	\$ 22,441
Deferred inflows of resources:				
Delinquent property taxes	6,497	-	-	6,497
Fund balance:				
Unassigned	<u>586,397</u>	<u>9,051</u>	<u>12,206</u>	<u>607,654</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<u>\$ 615,335</u>	<u>\$ 9,051</u>	<u>\$ 12,206</u>	<u>\$ 636,592</u>

STATE OF NEW MEXICO  
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

GENERAL FUNDS  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Year Ended June 30, 2019

	General Funds			Total General Fund
	Operational Fund #11000	Transportation Fund #13000	Instructional Materials Fund #14000	
<b>Revenues:</b>				
Taxes:				
Property	\$ 30,172	\$ -	\$ -	\$ 30,172
Intergovernmental - federal grants	99,105	-	-	99,105
Intergovernmental - state grants	4,372,089	381,043	14,254	4,767,386
Charges for services	20,918	-	-	20,918
Investment and interest income	2,509	-	-	2,509
Miscellaneous	<u>44,153</u>	<u>-</u>	<u>-</u>	<u>44,153</u>
<b>Total revenue</b>	<u>4,568,946</u>	<u>381,043</u>	<u>14,254</u>	<u>4,964,243</u>
<b>Expenditures:</b>				
Current:				
Instruction	2,482,465	-	17,033	2,499,498
Support services:				
Students	557,705	-	-	557,705
Instruction	20,413	-	-	20,413
General Administration	321,809	-	-	321,809
School Administration	352,295	-	-	352,295
Central Services	247,625	-	-	247,625
Operation & Maintenance of Plant	818,266	-	-	818,266
Student transportation	-	381,042	-	381,042
Other Support services	<u>370</u>	<u>-</u>	<u>-</u>	<u>370</u>
<b>Total expenditures</b>	<u>4,800,948</u>	<u>381,042</u>	<u>17,033</u>	<u>5,199,023</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(232,002)	1	(2,779)	(234,780)
<b>Other financing uses:</b>				
Refunds	<u>-</u>	<u>(9,051)</u>	<u>-</u>	<u>(9,051)</u>
<i>Net change in fund balance</i>	(232,002)	(9,050)	(2,779)	(243,831)
<b>Fund balance at beginning of the year</b>	<u>818,399</u>	<u>18,101</u>	<u>14,985</u>	<u>851,485</u>
<b>Fund balance at end of the year</b>	<u>\$ 586,397</u>	<u>\$ 9,051</u>	<u>\$ 12,206</u>	<u>\$ 607,654</u>

STATE OF NEW MEXICO  
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

OPERATIONAL FUND - NO. 11000  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
<b>Revenues:</b>				
Taxes:				
Property	\$ 28,645	\$ 28,645	\$ 29,108	\$ 463
Intergovernmental - federal grants	54,000	54,000	99,105	45,105
Intergovernmental - state grants	4,368,492	4,368,492	4,372,089	3,597
Charges for services	21,962	21,962	20,918	(1,044)
Investment and interest income	-	-	2,509	2,509
Miscellaneous	-	41,372	44,153	2,781
<b>Total revenues</b>	4,473,099	4,514,471	4,567,882	53,411
<b>Expenditures:</b>				
Current:				
Instruction	2,610,677	2,640,242	2,482,210	158,032
Support services:				
Students	676,554	630,759	561,485	69,274
Instruction	23,723	24,739	21,181	3,558
General Administration	354,973	387,610	326,304	61,306
School Administration	332,268	354,518	352,337	2,181
Central Services	245,344	252,991	247,466	5,525
Operation & Maintenance of Plant	944,781	968,302	815,581	152,721
Other Support services	6,241	13,404	370	13,034
Capital outlay	2,000	90,000	-	90,000
<b>Total expenditures</b>	5,196,561	5,362,565	4,806,934	555,631
<i>Excess (deficiency) of revenues over expenditures</i>	(723,462)	(848,094)	(239,052)	609,042
<i>Beginning cash balance budgeted</i>	723,462	848,094	-	(848,094)
<b>Fund balance at beginning of the year</b>	-	-	818,399	818,399
<b>Fund balance at end of the year</b>	\$ -	\$ -	579,347	\$ 579,347
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in property tax receivable			574	
Change in due from other governments			498	
Change in payables			5,986	
Change in deferred property taxes			(8)	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ 586,397	

STATE OF NEW MEXICO  
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

TRANSPORTATION FUND - NO. 13000  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ 381,043	\$ 381,043	\$ 381,043	\$ -
<b>Expenditures:</b>				
Current:				
Support services:				
Student transportation	381,043	381,043	381,043	-
<i>Excess of revenues over expenditures</i>	-	-	-	-
<b>Other financing uses:</b>				
Refunds	-	-	(9,050)	(9,050)
<i>Net change in fund balance</i>	-	-	(9,050)	(9,050)
<b>Fund balance at beginning of the year</b>	-	-	18,101	18,101
<b>Fund balance at end of the year</b>	\$ -	\$ -	9,051	\$ 9,051
<b>RECONCILIATION TO GAAP BASIS:</b>				
Change in payables			-	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ 9,051	

STATE OF NEW MEXICO  
**MORA INDEPENDENT SCHOOL DISTRICT NO. 44**

INSTRUCTIONAL MATERIALS FUND - NO. 14000  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)**  
**Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
<b>Revenues:</b>				
Intergovernmental - state grants	\$ 14,254	\$ 14,254	\$ 14,254	\$ -
<b>Expenditures:</b>				
Current:				
Instruction	27,421	27,421	17,033	10,388
<i>Excess (deficiency) of revenues over expenditures</i>	(13,167)	(13,167)	(2,779)	10,388
<i>Beginning cash balance budgeted</i>	13,167	13,167	-	(13,167)
<b>Fund balance at beginning of the year</b>	-	-	14,985	14,985
<b>Fund balance at end of the year</b>	\$ -	\$ -	12,206	\$ 12,206
 RECONCILIATION TO GAAP BASIS:				
Change in payables			-	
<b>Fund balance at end of the year (GAAP basis)</b>			\$ 12,206	

OTHER SUPPLEMENTAL INFORMATION  
(NONMAJOR GOVERNMENTAL FUNDS)

Funds that did not meet the requirements of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis* to be considered Major Funds and have not been identified as Major Funds by management.

THIS PAGE INTENTIONALLY LEFT BLANK





## Nonmajor Special Revenue Funds

Special revenue funds are operating funds used to account for the proceeds of specific revenue sources that are intended for specific purposes other than special assessments or major capital projects.

- Food Service** (Fund No. 21000) Minimum Balance: None  
 This program provides financing for the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, Public Law 79-396, Sections 2-4, 60 Stat. 230, 42 U.S.C. 1751 et seq.; 80 stat. 889, as amended; 84 stat. 270; and the Child Nutrition Act of 1966, as amended, Sections 4 and 10. Public Law 89-642, 80 sat. 886, 889, 42 U.S.C. 1773, 1779; Public Law 99-591, 100 stat. 3341; Public Law 100-71, 101 stat. 430.
- Athletics** (Fund No. 22000) Minimum Balance: None  
 This fund provides financing for school athletic activities. Funding is provided by fees from patrons.
- NM Autism** (Fund No. 24108) Minimum Balance: None  
 Program provides grants to states that flow-through to schools, to assist them in providing a free appropriate public education to all children with disabilities. The program is funded by the United States government, under the Individuals with Disabilities Education Act, Part B, Section 611-617, and part D, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.
- Preschool IDEA-B** (Fund No. 24109) Minimum Balance: None  
 The Preschool program is for the purpose of enhancing Special Education for handicapped children from ages 3 to 5. The program is funded by the United States government, under the Individuals With Disabilities Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, and 101-476.
- Fresh Fruits and Vegetables** (Fund No. 24118) Minimum Balance: None  
 To assist States, through cash grants, in providing free fresh fruits and vegetables to school children in designated participating schools beginning in school year 2004/2006. Authorization granted under National School Lunch Act, as amended, 42 U.S.C. 1769.
- Title II Teacher Quality** (Fund No. 24154) Minimum Balance: None  
 To provide grants to State Education Agencies (SEAs) on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in the academic achievement. Authorization is granted through the Elementary and Secondary Education Act of 1965, as amended, Title II, Part A, Public Law 107-110.
- Carl D Perkins – JAG** (Fund No. 24171) Minimum Balance: None  
 Basic grants assist states and outlying areas to expand and improve their programs of vocational education and provide equal access in vocational education to special need populations. Authorized by Carl D. Perkins Vocational and Applied Technology Education Amendments of 1998, Title I, Public Law 105-332, 20 U.S.C. 2301, et seq.
- Title XIX Medicaid** (Fund No. 25153) Minimum Balance: None  
 To provide financial assistance from the Federal government which flows-through the State of New Mexico to school districts, for payments of medical assistance on behalf of cash assistance recipients, children, pregnant women and the aged who meet income and resource requirements, and other categorically-eligible groups. The program is funded by the U.S. government under the Social Security Act, Title XIX, as amended; Public Laws 92-223, 92-602, 93-66, 93-233, 96-499, 97-35, 97-2248, 98-369, 99-272, 99-509, 100-93, 100-202, 100-203, 100-360, 100-436, 100-485, 100-647, 101-166, 101-234, 101-239, 101-508, 101-517, 102-234, 102-170, 102-394, 103-66, 103-14, 103-333, 104-91, 104-191, 104-193, 104-208, and 104-134; Balanced Budget Act of 1997, Public Law 105-33.
- CNM Foundation** (Fund No. 26207) Minimum Balance: None  
 The funds are to be used for classroom supplies, curriculum materials, software, guest speakers, fieldtrips, conferences, starting a school snack bar or school store.
- Dual Credit Instructional Materials** (Fund No. 27103) Minimum Balance: None  
 To be used for courses approved by Higher Education Department (HED) and through a college/university for which the district has an approved agreement.
- Library GO Bond 2012** (Fund No. 27107) Minimum Balance: None  
 Funds to be used for library books and library resources for public school libraries statewide. Library resources include computers, software, projectors, televisions, other related hardware and software, shelving, desks, chairs, and book trucks/carts. Senate Bill 66, Laws of 2012, 2nd Session, Chapter 54, Section 10.B.(3).



## Nonmajor Special Revenue Funds (cont'd)

**Breakfast For Elementary Students** (Fund No. 27155)

Minimum Balance: None

The Breakfast for Elementary School program provides foods (at no charge) after the instructional day has begun, provided that instruction occurs simultaneously with breakfast. Authorized through 22-13-13.2 NMSA 1978; NMAC 6.12.9

**Kindergarten 3-Plus** (Fund No. 27166)

Minimum Balance: None

To account for funds received to provide the opportunity for the district to address early literacy. The full-day kindergarten program is the first step in the implementation of a sequential early literacy approach to teaching reading.

**CYFD Child Food Program** (Fund No. 28201)

Minimum Balance:

To account for federal money received from CYFD from the National School Lunch Program to provide food to the Head Start Student. The fund was created by grant provisions.

## Nonmajor Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

**Bond Building** (Fund No. 31100)

Minimum Balance: None

This fund provides financing for the construction of buildings, the purchase of equipment, and the acquisition and improvement of land. Funding is provided by the sale of general obligation bonds, which have been approved by the voters of the district.

**Special Capital Outlay - State** (Fund No. 31400)

Minimum Balance: None

This fund provides financing for special appropriation monies received from the State of New Mexico under Chapter 367, Laws of 1993.

**State SB-9 Match** (Fund No. 31700)

Minimum Balance: None

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 as authorized by the Public School District Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978).

## Nonmajor Debt Service Funds

Debt service funds are used to account for the payment of principal and interest on long-term debt. Debt service revenues are from taxes and other operating revenues, some of which are pledged specifically to repay certain outstanding bond issues.

**Debt Service** (Fund No. 41000)

Minimum Balance: None

This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related debt.

STATE OF NEW MEXICO  
**MORA INDEPENDENT SCHOOL DISTRICT NO. 44**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Balance Sheet**  
**June 30, 2019**

	<b>Special Revenue Funds</b>			
	<u>Food Service Fund #21000</u>	<u>Athletics Fund #22000</u>	<u>NM Autism Fund #24108</u>	<u>Preschool IDEA-B Fund #24109</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 86,387	\$ 8,752	\$ -	\$ -
Receivables:				
Property taxes	-	-	-	-
Grant	29,220	-	-	-
Due from other governments	-	-	-	-
Food inventory	20,857	-	-	-
<b>Total assets</b>	<b>\$ 136,464</b>	<b>\$ 8,752</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Liabilities, deferred inflows and fund balance</b>				
Liabilities:				
Accounts payable	\$ 148	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Total liabilities	148	-	-	-
Deferred inflows of resources:				
Delinquent property taxes	-	-	-	-
Fund balance:				
Non-spendable:				
Inventories	20,857	-	-	-
Restricted for:				
Special revenue funds	115,459	8,752	-	-
Debt service	-	-	-	-
Total fund balance	136,316	8,752	-	-
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 136,464</b>	<b>\$ 8,752</b>	<b>\$ -</b>	<b>\$ -</b>

( cont'd; 1 of 6 )

STATE OF NEW MEXICO  
**MORA INDEPENDENT SCHOOL DISTRICT NO. 44**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Balance Sheet**  
**June 30, 2019**

	<b>Special Revenue Funds</b>			
	Fresh Fruits and Vegetables Fund #24118	Title II Teacher Quality Fund #24154	Carl D Perkins - JAG Fund #24171	Title XIX Medicaid Fund #25153
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 110,411
Receivables:				
Property taxes	-	-	-	-
Grant	4,076	20,457	-	-
Due from other governments	-	-	-	-
Food inventory	-	-	-	-
<b>Total assets</b>	<b><u>\$ 4,076</u></b>	<b><u>\$ 20,457</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 110,411</u></b>
 <b>Liabilities, deferred inflows and fund balance</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 567
Due to other funds	<u>4,076</u>	<u>20,457</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>4,076</u>	<u>20,457</u>	<u>-</u>	<u>567</u>
Deferred inflows of resources:				
Delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	-	-	-	109,844
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,844</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b><u>\$ 4,076</u></b>	<b><u>\$ 20,457</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 110,411</u></b>

( cont'd; 2 of 6 )

STATE OF NEW MEXICO  
**MORA INDEPENDENT SCHOOL DISTRICT NO. 44**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Balance Sheet**  
**June 30, 2019**

	<b>Special Revenue Funds</b>			
	CNM Foundation Fund #26207	Dual Credit Instructional Materials Fund #27103	Libraries GO Bond 2012 Fund #27107	Breakfast for Elementary Students Fund #27155
<b>Assets</b>				
Cash and cash equivalents	\$ 68	\$ -	\$ -	\$ -
Receivables:				
Property taxes	-	-	-	-
Grant	-	1,226	870	-
Due from other governments	-	-	-	-
Food inventory	-	-	-	-
<b>Total assets</b>	<b>\$ 68</b>	<b>\$ 1,226</b>	<b>\$ 870</b>	<b>\$ -</b>
<b>Liabilities, deferred inflows and fund balance</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	1,226	870	-
Total liabilities	-	1,226	870	-
Deferred inflows of resources:				
Delinquent property taxes	-	-	-	-
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Special revenue funds	68	-	-	-
Debt service	-	-	-	-
Total fund balance	68	-	-	-
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 68</b>	<b>\$ 1,226</b>	<b>\$ 870</b>	<b>\$ -</b>

( cont'd; 3 of 6 )

STATE OF NEW MEXICO  
**MORA INDEPENDENT SCHOOL DISTRICT NO. 44**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Balance Sheet**  
**June 30, 2019**

	<b>Special Revenue Funds</b>			<b>Total Non-Major Special Revenue Funds</b>
	<b>Kindergarten 3- Plus Fund #27166</b>	<b>NM Grown Fund #27183</b>	<b>CYFD Child Food Program Fund #28201</b>	
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 2,517	\$ 208,135
Receivables:				
Property taxes	-	-	-	-
Grant	2,582	3,815	-	62,246
Due from other governments	-	-	-	-
Food inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,857</u>
<b>Total assets</b>	<b><u>\$ 2,582</u></b>	<b><u>\$ 3,815</u></b>	<b><u>\$ 2,517</u></b>	<b><u>\$ 291,238</u></b>
 <b>Liabilities, deferred inflows and fund balance</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 209	\$ 924
Due to other funds	<u>2,582</u>	<u>3,815</u>	<u>-</u>	<u>33,026</u>
Total liabilities	<u>2,582</u>	<u>3,815</u>	<u>209</u>	<u>33,950</u>
Deferred inflows of resources:				
Delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:				
Non-spendable:				
Inventories	-	-	-	20,857
Restricted for:				
Special revenue funds	-	-	2,308	236,431
Debt service	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>2,308</u>	<u>257,288</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b><u>\$ 2,582</u></b>	<b><u>\$ 3,815</u></b>	<b><u>\$ 2,517</u></b>	<b><u>\$ 291,238</u></b>

( cont'd; 4 of 6 )

STATE OF NEW MEXICO  
**MORA INDEPENDENT SCHOOL DISTRICT NO. 44**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Balance Sheet**  
**June 30, 2019**

	<b>Capital Projects Funds</b>		
	Bond Building Fund #31100	Special Capital Outlay - State Fund #31400	State SB-9 Match Fund #31700
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Receivables:			
Property taxes	-	-	-
Grant	-	-	-
Due from other governments	-	-	-
Food inventory	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Liabilities, deferred inflows and fund balance</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Total liabilities	-	-	-
Deferred inflows of resources:			
Delinquent property taxes	-	-	-
Fund balance:			
Non-spendable:			
Inventories	-	-	-
Restricted for:			
Special revenue funds	-	-	-
Debt service	-	-	-
Total fund balance	-	-	-
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

( cont'd; 5 of 6 )

STATE OF NEW MEXICO  
**MORA INDEPENDENT SCHOOL DISTRICT NO. 44**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Balance Sheet**  
**June 30, 2019**

	Total Non-Major Capital Projects Funds	Debt Service Fund #41000	Total Nonmajor Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ 69,591	\$ 277,726
Receivables:			
Property taxes	-	34,054	34,054
Grant	-	-	62,246
Due from other governments	-	2,783	2,783
Food inventory	<u>-</u>	<u>-</u>	<u>20,857</u>
<b>Total assets</b>	<b><u>\$ -</u></b>	<b><u>\$ 106,428</u></b>	<b><u>\$ 397,666</u></b>
 <b>Liabilities, deferred inflows and fund balance</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 924
Due to other funds	<u>-</u>	<u>-</u>	<u>33,026</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>33,950</u>
 Deferred inflows of resources:			
Delinquent property taxes	<u>-</u>	<u>30,091</u>	<u>30,091</u>
 Fund balance:			
Non-spendable:			
Inventories	-	-	20,857
Restricted for:			
Special revenue funds	-	-	236,431
Debt service	<u>-</u>	<u>76,337</u>	<u>76,337</u>
Total fund balance	<u>-</u>	<u>76,337</u>	<u>333,625</u>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b><u>\$ -</u></b>	<b><u>\$ 106,428</u></b>	<b><u>\$ 397,666</u></b>

( 6 of 6 )



STATE OF NEW MEXICO  
**MORA INDEPENDENT SCHOOL DISTRICT NO. 44**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balance  
 Year Ended June 30, 2019**

	Special Revenue Funds			
	Food Service <u>Fund #21000</u>	Athletics <u>Fund #22000</u>	NM Autism <u>Fund #24108</u>	Preschool IDEA-B <u>Fund #24109</u>
<b>Revenues:</b>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	362,604	-	-	-
Intergovernmental - state grants	-	-	-	-
Charges for services	10,501	25,910	-	-
Miscellaneous	<u>-</u>	<u>410</u>	<u>-</u>	<u>-</u>
<b>Total revenues</b>	<u>373,105</u>	<u>26,320</u>	<u>-</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction	-	30,786	-	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Food services operations	375,966	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Bond interest paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>375,966</u>	<u>30,786</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues   over expenditures</i>	(2,861)	(4,466)	-	-
<b>Fund balance at beginning of the year</b>	<u>139,177</u>	<u>13,218</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u>\$ 136,316</u>	<u>\$ 8,752</u>	<u>\$ -</u>	<u>\$ -</u>

( cont'd; 1 of 6 )

STATE OF NEW MEXICO  
**MORA INDEPENDENT SCHOOL DISTRICT NO. 44**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balance  
 Year Ended June 30, 2019**

	Special Revenue Funds			
	Fresh Fruits and Vegetables <u>Fund #24118</u>	Title II Teacher Quality <u>Fund #24154</u>	Carl D Perkins - JAG <u>Fund #24171</u>	Title XIX Medicaid <u>Fund #25153</u>
<b>Revenues:</b>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	10,692	20,457	-	81,772
Intergovernmental - state grants	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total revenues</b>	<u>10,692</u>	<u>20,457</u>	<u>-</u>	<u>81,772</u>
<b>Expenditures:</b>				
Current:				
Instruction	-	19,185	-	-
Support services:				
Students	-	-	-	53,900
Instruction	-	-	-	-
General Administration	-	1,272	-	-
Operation & Maintenance of Plant	-	-	-	-
Food services operations	10,692	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Bond interest paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>10,692</u>	<u>20,457</u>	<u>-</u>	<u>53,900</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	27,872
<b>Fund balance at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,972</u>
<b>Fund balance (deficit) at end of the year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109,844</u>

( cont'd; 2 of 6 )

STATE OF NEW MEXICO  
**MORA INDEPENDENT SCHOOL DISTRICT NO. 44**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balance  
 Year Ended June 30, 2019**

	<b>Special Revenue Funds</b>			
	CNM Foundation Fund #26207	Dual Credit Instructional Materials Fund #27103	Libraries GO Bond 2012 Fund #27107	Breakfast for Elementary Students Fund #27155
<b>Revenues:</b>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	-	-	-	-
Intergovernmental - state grants	-	1,226	870	3,535
Charges for services	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	-	1,226	870	3,535
<b>Expenditures:</b>				
Current:				
Instruction	-	1,226	-	-
Support services:				
Students	-	-	-	-
Instruction	-	-	870	-
General Administration	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Food services operations	-	-	-	3,535
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Bond interest paid	-	-	-	-
<b>Total expenditures</b>	-	1,226	870	3,535
<i>Excess (deficiency) of revenues   over expenditures</i>	-	-	-	-
<b>Fund balance at beginning of the year</b>	68	-	-	-
<b>Fund balance (deficit) at end of the year</b>	\$ 68	\$ -	\$ -	\$ -

( cont'd; 3 of 6 )

STATE OF NEW MEXICO  
**MORA INDEPENDENT SCHOOL DISTRICT NO. 44**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balance  
 Year Ended June 30, 2019**

	Special Revenue Funds			Total Nonmajor Special Revenue Funds
	Kindergarten 3- Plus Fund #27166	NM Grown Fund #27183	CYFD Child Food Program Fund #28201	
<b>Revenues:</b>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	-	-	-	475,525
Intergovernmental - state grants	-	3,815	12,047	21,493
Charges for services	-	-	-	36,411
Miscellaneous	-	-	-	410
<b>Total revenues</b>	-	3,815	12,047	533,839
<b>Expenditures:</b>				
Current:				
Instruction	-	-	-	51,197
Support services:				
Students	-	-	-	53,900
Instruction	-	-	-	870
General Administration	-	-	-	1,272
Operation & Maintenance of Plant	-	-	-	-
Food services operations	-	3,815	12,877	406,885
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Bond interest paid	-	-	-	-
<b>Total expenditures</b>	-	3,815	12,877	514,124
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(830)	19,715
<b>Fund balance at beginning of the year</b>	-	-	3,138	237,573
<b>Fund balance (deficit) at end of the year</b>	\$ -	\$ -	\$ 2,308	\$ 257,288

( cont'd; 4 of 6 )

STATE OF NEW MEXICO  
**MORA INDEPENDENT SCHOOL DISTRICT NO. 44**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balance  
 Year Ended June 30, 2019**

	<b>Capital Projects Funds</b>		
	Bond Building <u>Fund #31100</u>	Special Capital Outlay - State <u>Fund #31400</u>	State SB-9 Match <u>Fund #31700</u>
<b>Revenues:</b>			
Taxes:			
Property	\$ -	\$ -	\$ -
Intergovernmental - federal grants	-	-	-
Intergovernmental - state grants	-	30,000	13,660
Charges for services	-	-	-
Miscellaneous	-	-	-
<b>Total revenues</b>	-	30,000	13,660
<b>Expenditures:</b>			
Current:			
Instruction	-	-	-
Support services:			
Students	-	-	-
Instruction	-	-	-
General Administration	-	-	-
Operation & Maintenance of Plant	-	7,904	13,660
Food services operations	-	-	-
Capital outlay	22,399	22,096	-
Debt service:			
Principal retirement	-	-	-
Bond interest paid	-	-	-
<b>Total expenditures</b>	22,399	30,000	13,660
<i>Excess (deficiency) of revenues over expenditures</i>	(22,399)	-	-
<b>Fund balance at beginning of the year</b>	22,399	-	-
<b>Fund balance (deficit) at end of the year</b>	\$ -	\$ -	\$ -

( cont'd; 5 of 6 )

STATE OF NEW MEXICO  
**MORA INDEPENDENT SCHOOL DISTRICT NO. 44**

NON-MAJOR GOVERNMENTAL FUNDS  
**Combining Statement of Revenues, Expenditures, and  
 Changes in Fund Balance  
 Year Ended June 30, 2019**

	Total Nonmajor Capital Projects <u>Funds</u>	Debt Service <u>Fund #41000</u>	Total Nonmajor Governmental <u>Funds</u>
<b>Revenues:</b>			
Taxes:			
Property	\$ -	\$ 35,683	\$ 35,683
Intergovernmental - federal grants	-	-	475,525
Intergovernmental - state grants	43,660	-	65,153
Charges for services	-	-	36,411
Miscellaneous	<u>-</u>	<u>-</u>	<u>410</u>
<b>Total revenues</b>	<u>43,660</u>	<u>35,683</u>	<u>613,182</u>
<b>Expenditures:</b>			
Current:			
Instruction	-	-	51,197
Support services:			
Students	-	-	53,900
Instruction	-	-	870
General Administration	-	217	1,489
Operation & Maintenance of Plant	21,564	-	21,564
Food services operations	-	-	406,885
Capital outlay	44,495	-	44,495
Debt service:			
Principal retirement	-	150,000	150,000
Bond interest paid	<u>-</u>	<u>3,150</u>	<u>3,150</u>
<b>Total expenditures</b>	<u>66,059</u>	<u>153,367</u>	<u>733,550</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(22,399)	(117,684)	(120,368)
<b>Fund balance at beginning of the year</b>	<u>22,399</u>	<u>194,021</u>	<u>453,993</u>
<b>Fund balance (deficit) at end of the year</b>	<u>\$ -</u>	<u>\$ 76,337</u>	<u>\$ 333,625</u>

( 6 of 6 )

OTHER SUPPLEMENTAL INFORMATION

*( STATE REQUIRED DISCLOSURES )*

Supplemental schedules required by the State of  
New Mexico to provide additional analysis.

STATE OF NEW MEXICO  
**MORA INDEPENDENT SCHOOL DISTRICT NO. 44**

FIDUCIARY FUNDS  
**Schedule of Changes in Assets and Liabilities - All Agency Funds**  
**Year Ended June 30, 2019**

<u>ASSETS</u>	Balance <u>June 30, 2018</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance <u>June 30, 2019</u>
Cash and cash equivalents:				
Central Office	\$ 4,095	\$ 5,411	\$ 6,375	\$ 3,131
High School	59,871	63,435	59,975	63,332
Middle School	5,137	-	430	4,707
Elementary	<u>9,998</u>	<u>16,038</u>	<u>14,766</u>	<u>11,269</u>
Pooled cash and investments	<u>\$ 79,101</u>	<u>\$ 84,884</u>	<u>\$ 81,546</u>	<u>\$ 82,439</u>
 <u>LIABILITIES</u>				
Deposits held for others	<u>\$ 79,101</u>	<u>\$ 84,884</u>	<u>\$ 81,546</u>	<u>\$ 82,439</u>



STATE OF NEW MEXICO  
**MORA INDEPENDENT SCHOOL DISTRICT NO. 44**

SCHEDULE OF PLEDGED COLLATERAL  
**June 30, 2019**

	<u>Southwest Capital Bank</u>
<b>Cash on deposit at June 30, 2019:</b>	
Checking and savings	\$ 1,404,326
Less: FDIC coverage	<u>(250,000)</u>
Uninsured funds	<u>\$ 1,154,326</u>
 <b>Amount requiring pledged collateral:</b>	
50% collateral requirement	\$ 577,164
Pledged collateral	<u>1,000,000</u>
Excess (deficiency) of pledged collateral	<u>\$ 422,836</u>

Pledged collateral of financial institutions consists of the following at June 30, 2019

<u>Southwest Capital Bank</u>	<u>Maturity</u>	<u>LOC#</u>	<u>Market Value</u>
FHLB LOC	1/27/2020	#3544000001	<u>\$ 1,000,000</u>

The above securities are held at Federal home Loan Bank Dallas, TX.

STATE OF NEW MEXICO  
MORA INDEPENDENT SCHOOL DISTRICT NO. 44

CASH RECONCILIATION  
Year Ended June 30, 2019

	<u>Beginning Cash</u>	<u>Receipts</u>	<u>Distributions</u>	<u>Other</u>	<u>Net Cash End of Period</u>	<u>Adjustments to the report</u>	<u>Total Cash on Report</u>
Operations	\$ 845,825	\$ 4,567,881	\$ 4,806,934	\$ -	\$ 606,772	\$ (214,926)	\$ 391,846
Transportation	18,101	381,043	381,043	(9,050)	9,051	-	9,051
Instructional Materials	14,985	14,254	17,033	-	12,206	-	12,206
Food Services	160,530	316,811	390,954	-	86,387	-	86,387
Athletics	13,218	26,320	30,786	-	8,752	-	8,752
Federal Flowthrough Funds	(182,026)	329,007	279,564	-	(132,583)	132,583	-
Federal Direct Funds	10,751	1,907,014	1,881,028	(175)	36,562	73,849	110,411
Local Grants	68	-	-	-	68	-	68
State Flowthrough Funds	(31,097)	32,050	9,447	-	(8,494)	8,494	-
State Direct Funds	-	2,517	-	-	2,517	-	2,517
Bond Building	22,399	-	22,399	-	-	-	-
State SB-9 Match	-	19,828	19,828	-	-	-	-
Capital Improvements SB-9	210,192	202,923	228,812	-	184,303	-	184,303
Debt Service	184,854	38,104	153,367	-	69,591	-	69,591
Agency Funds	-	-	-	-	-	82,439	82,439
<b>Total</b>	<b>\$ 1,267,800</b>	<b>\$ 7,867,752</b>	<b>\$ 8,251,195</b>	<b>\$ (9,225)</b>	<b>\$ 875,132</b>	<b>\$ 82,439</b>	<b>\$ 957,571</b>

<u>Account Name</u>	<u>Account Type</u>	<u>Bank Name</u>	<u>Bank Amount</u>	Adjustments to report:	
Operational	Checking - interest	Soutwest Capital	\$ 1,404,326	Agency funds	\$ 82,439
				Adjustments to cash:	
				Bank Balance	\$ 1,404,326
				Outstanding checks	(446,754)
				Total adjusted cash	\$ 957,572

# 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

§

Report on Compliance for Each Major Federal Program and  
Report on Internal Control Over Compliance  
Required By Uniform Guidance

§

Schedule of Findings and Questioned Costs:  
Summary of Auditor's Results  
Financial Statement Findings  
Federal Award Findings

§

Summary Schedule of Prior Year Audit Findings

§

Schedule of Expenditures of Federal Awards  
Notes to the Schedule of Expenditures of Federal Awards

§

Required Disclosure

THIS PAGE INTENTIONALLY LEFT BLANK

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

INDEPENDENT AUDITORS' REPORT

Brian S. Colón, Esq., State Auditor and  
The Board of Education and Audit Committee of  
Mora Independent School District No. 44

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds, of the Mora Independent School District No. 44 as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Mora Independent School District No. 44's basic financial statements, and the combining and individual funds of Mora Independent School District No. 44, presented as supplemental information, and have issued our report thereon dated October 15, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit, of the financial statements, we considered Mora Independent School District No. 44's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mora Independent School District No. 44's internal control. Accordingly, we do not express an opinion on the effectiveness of Mora Independent School District No. 44'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 Mora Independent School District No. 44'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 Mora Independent School District No. 44'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. We also noted certain other matters that are required to be reported pursuant to *Government Auditing Standards* and pursuant to Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as finding 2019 – 001 and 2019 – 002.

Brian S. Colón, Esq., State Auditor and  
The Board of Education and Audit Committee of  
Mora Independent School District No. 44

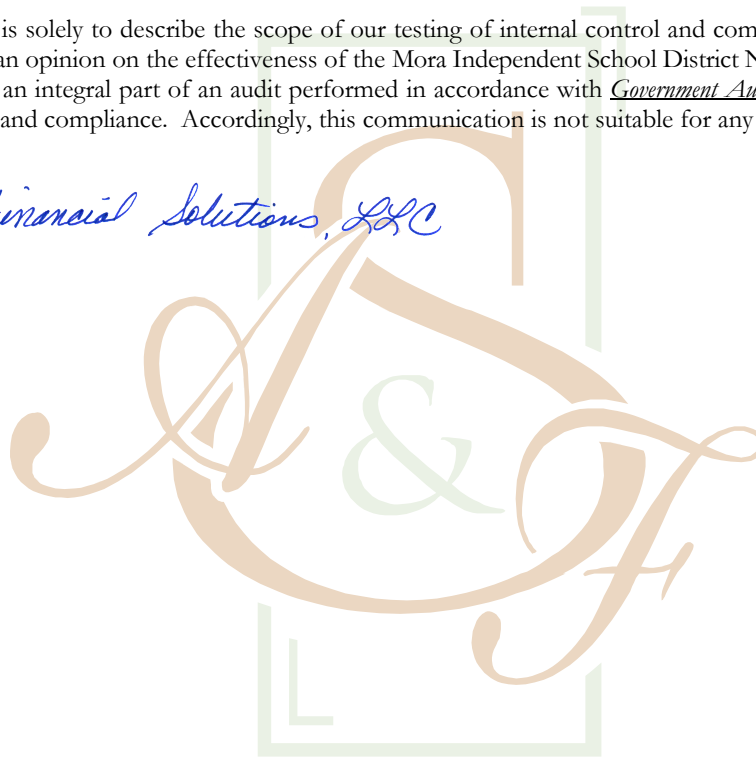
### **Mora Independent School District No. 44's Response to Findings**

Mora Independent School District No. 44 responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Mora Independent School District No. 44's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Mora Independent School District No. 44'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.

*Accounting & Financial Solutions, LLC*  
Farmington, New Mexico  
October 15, 2019



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

INDEPENDENT AUDITOR'S REPORT

Brian S. Colón, Esq., State Auditor and  
The Board of Education and Audit Committee of  
Mora Independent School District No. 44

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

We have audited Mora Independent School District No. 44's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Mora Independent School District No. 44's major federal programs for the year ended June 30, 2019. Mora Independent School District No. 44'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 federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Mora Independent School District No. 44's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Mora Independent School District No. 44'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 Mora Independent School District No. 44's compliance.

***Opinion on Each Major Federal Program***

In our opinion, Mora Independent School District No. 44 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.

Brian S. Colón, Esq., State Auditor and  
The Board of Education and Audit Committee of  
Mora Independent School District No. 44

### **Report on Internal Control Over Compliance**

Management of Mora Independent School District No. 44 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 Mora Independent School District No. 44's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Mora Independent School District No. 44'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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Accounting & Financial Solutions, LLC*  
Farmington, New Mexico  
October 15, 2019



SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS

STATE OF NEW MEXICO  
**MORA INDEPENDENT SCHOOL DISTRICT NO. 44**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
**Year Ended June 30, 2019**

<u>Federal Grantor/Pass - Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed To Subrecipients</u>	<u>Cluster Programs</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Agriculture:</b>					
Direct Program:					
Forest Reserve	10.665	11000	\$ -		<u>\$ 41,797</u>
Pass-Through Program From:					
New Mexico Department of Education:					
<u>Child Nutrition Cluster:</u>					
USDA National School Lunch Program	10.555	21000	-	\$ 212,779	
USDA School Breakfast Program	10.553	21000	-	<u>122,752</u>	
Total Child Nutrition Cluster					335,531
Fresh Fruits and Vegetables	10.582	24118	-		10,692
Pass-Through Program From:					
New Mexico Human Service Department:					
USDA Commodities Program	10.565	21000	-		<u>27,073</u>
<i>Subtotal Pass-Through Programs</i>					<u>373,296</u>
<i>Total U.S. Department of Agriculture</i>					<u>415,093</u>
<b>U.S. Department of Education:</b>					
Direct Programs:					
Gear Up New Mexico State Initiatives	84.334	25205	-		<u>270,868</u>
Pass-Through Programs From:					
New Mexico Department of Education:					
<u>Special Education (IDEA) Cluster:</u>					
Entitlement IDEA-B	84.027	24106	-	\$ 124,396	
Total Special Education (IDEA) Cluster					124,396
Title I	84.010	24101	-		124,019
Title II Teacher Quality	84.367	24154	-		<u>20,457</u>
<i>Subtotal Pass-Through Programs</i>					<u>268,872</u>
<i>Total U.S. Department of Education</i>					<u>539,740</u>
<b>U.S. Department of Health and Human Services:</b>					
Direct Program:					
Headstart	93.600	25127	<u>-</u>		<u>1,553,812</u>
Total Expenditures of Federal Awards			<u>\$ -</u>		<u>\$ 2,508,645</u>

See the accompanying notes to the Schedule of Expenditures of Federal Awards.



**I. SCOPE OF AUDIT PURSUANT TO OMB UNIFORM GRANT GUIDANCE**

All federal grant operations of Mora Independent School District No. 44 (the “District”) are included in the scope of the Office of Management and Budget (“OMB”) Uniform Grant Guidance audit (the “Single Audit”). The Single Audit was performed in accordance with the provisions of the OMB Circular Compliance Supplement (Revised June 2019 the “Compliance Supplement”). Compliance testing of all requirements are described in the Compliance Supplement, was performed for the grants programs noted below. These programs represent all federal award programs and other grants with fiscal year 2019 cash and non-cash expenditures to ensure coverage of at least 20% (LOW risk auditee) of federally granted funds. Actual coverage is approximately 73% of total cash and non-cash federal award program expenditures. Total cash expenditures were in the amount of \$2,481,572 and all non-cash expenditures amounted to \$27,073.

MAJOR FEDERAL PROGRAM	CFDA	EXPENDITURE
<b>Cash Assistance:</b>		
Headstart	93.600	\$ 1,553,812
Gear Up New Mexico State Initiatives	84.334	270,868
<b>Total</b>		<b>\$ 1,824,680</b>

The District did not have a federal program considered to be a High-Risk Type A program for the year ended June 30, 2019.

The U.S. Department of Education is the District’s oversight agency for single audit.

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of presentation**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Grant Guidance. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position and changes in net position of the District. All federal programs considered active during the year ended June 30, 2019, are reflected on the Schedule. An active federal program is defined as a federal program for which there were receipts or disbursements of funds or accrued (deferred) grant revenue adjustments during the fiscal year or a federal program considered as not completed or closed out at the beginning of the fiscal year. The Schedule is prepared using the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the District has met the qualifications for the respective grant.

**Accrued and deferred reimbursements**

Various reimbursement procedures are used for Federal awards received by the District. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and end of the year. Accrued balances at year end represent an excess of reimbursable expenditures over receipts to date. Deferred balance at year-end represent an excess of cash receipts over reimbursable expenditure to date. Generally, accrued or deferred balances covered by differences in the timing of cash receipts and expenditures will be reversed in the remaining grant period.

**III. RECONCILIATION OF FEDERAL AWARDS TO EXPENDITURE OF FEDERAL AWARD**

The differences between the federal awards received (Intergovernmental sources – federal) during the year ended June 30, 2019 and the federal awards expended during the year are as follows:

	BALANCE
Federal Sources	\$ 2,647,721
Indirect costs from federal programs	(57,304)
Federal revenue received as vendor	(81,772)
<b>Total Expenditures of Federal Awards</b>	<b>\$ 2,508,645</b>

**IV. INDIRECT COSTS**

The District did not elect to use the 10% de minimis indirect cost rate during the year ended June 30, 2019.



**I. SUMMARY OF AUDIT RESULTS**

	<u>Yes</u>	<u>No</u>	<u>Occurrences</u>
FINANCIAL STATEMENTS:			
Type of auditor's report issued: <u>Unmodified</u>			
Internal control over financial reporting:			
Material weakness(es) identified?	—	✓	—
Significant deficiency(ies) identified?	—	✓	—
Noncompliance material to financial statements noted?	—	✓	—
FEDERAL AWARDS:			
Internal control over major programs:			
Material weakness(es) identified?	—	✓	—
Significant deficiency(ies) identified?	—	✓	—
Type of auditor's report issued on compliance with major programs: <u>Unmodified</u>			
Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of the Uniform Guidance?	—	✓	—
The programs treated as major programs include:			
<u>Name of Federal Program or Cluster</u>			<u>CFDA Number</u>
Headstart			93.600
Gear up New Mexico State Initiative			84.334
The threshold for distinguishing types A and B programs: <u>\$750,000</u>			
Auditee qualified as low-risk auditee?	✓	—	
NEW MEXICO STATE REQUIREMENTS:			
Internal control over state requirements:			
Other non-compliance?	✓	—	2
Finding that does not rise to the level of significant deficiency?	—	✓	—



## II. AUDIT FINDINGS - FINANCIAL STATEMENTS

There were no findings required to be reported.

## III. AUDIT FINDINGS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no findings required to be reported.

## IV. AUDIT FINDINGS - SECTION 12-6-5 NMSA 1978

**2019 – 001 BACKGROUND CHECKS** (Original No. 2017-005)  
***Other Non-compliance***  
(Repeat of prior year finding; updated and revised)

Condition: One of 33 employee files selected for testing did not have a current background check conducted.

*Status from prior year:* One of 25 employee files selected for testing did not have a current background check conducted. The employee had transferred from another school district and the background check from the previous school district was accepted even though it was more than two years old.

*Managements progress:* No significant progress in since prior year.

Criteria: In accordance 1978 NMSA 22-10A-5, all employees who have access to children are required to have a background check completed and approved.

Cause: The District is not maintaining adequate controls over employee hiring.

Effect of condition: The District is out of compliance with requirements for 1978 NMSA 22-10A-5.

Recommendation: The District should not employ any individual without prior receipt of the current cleared background check.

Management's response: The employee will be required to register at CogentID by November 22, 2019 and then complete the scan by November 29, 2019. The district will then obtain the report and file in the Personnel file by December 2, 2019.

Responsible party(ies) for corrective action(s): Human Resources Clerk

Corrective action(s) timeline: This will be completed by December 2, 2019

Auditor's Rebuttal: Management did not fully address a procedure to correct the issue only the current issue of this time.



#### IV. AUDIT FINDINGS - SECTION 12-6-5 NMSA 1978 (cont'd)

**2019 – 002 INTERNAL CONTROLS** (Original No. 2017-012)

***Other Non-compliance***

(Repeat of prior year finding; updated and revised)

Condition: Management currently has the same individual performing accounts payable procedures, maintenance of the vendor master file, and reconciling the bank statements. Also, the responsibilities of payroll, human resources, and control over the payroll master file are being performed by the same person.

*Status from prior year:* No change.

*Managements progress:* No significant progress in since prior year.

Criteria: Section 6.20.2.11.B NMAC requires that schools shall develop, establish, and maintain a structure of internal control accounting controls and written procedures to provide for segregation of duties, a system of authorization and recording procedures, and sound accounting practices in performance of duties and functions. COSO encourages the separation of the responsibilities of authorization, recording, reconciliation, and custody.

Cause: The District has a limited number of personnel in the administration office that does not facilitate adequate segregation of duties.

Effect of condition: The District is susceptible to errors occurring that would not be caught and corrected in a timely manner to ensure accurate reporting. The District has weakened its ability to safeguard assets and ensure accurate and timely reporting.

Recommendation: Management needs to evaluate the assignment of positions and duties within the administration office and make adjustments as necessary to work towards compliance with COSO. The vendor master file should not be maintained by the person performing accounts payable and the employee master file should not be maintained by the person performing payroll or human resources. The function of cash reconciliation should not be performed by anyone that has access to check writing.

Management's response: Due to the turnover in the Superintendent's position options to strengthen controls and segregate duties have not been reviewed. Review options December 2019; Implement plan January 2020

Responsible party(ies) for corrective action(s): Superintendent and Business Manager/CFO

Corrective action(s) timeline: January 2020

Auditor's Rebuttal: Management did not fully address the process for correcting the segregation of duties.



---

**I. PRIOR YEAR FINDINGS – NOT RESOLVED**

2018 – 005 BACKGROUND CHECKS

*Current Status:* Unresolved. Repeated in the current year.

2018 – 009 INTERNAL CONTROLS

*Current Status:* Unresolved. Repeated in the current year.

**II. PRIOR YEAR FUNDINGS – RESOLVED**

2018 – 001 BUDGET LINE ITEM OVER EXPENDED

*Current Status:* Resolved. Not Repeated in the current year.

2018 – 002 STATE REPORTING NOT ACCURATE TO THE GENERAL LEDGER

*Current Status:* Resolved. Not Repeated in the current year.

2018 – 003 NEPOTISM WITH A BOARD MEMBER AND AN EMPLOYEE

*Current Status:* Resolved. Not Repeated in the current year.

2018 – 004 RECORDS RETENTION AND STORAGE

*Current Status:* Resolved. Not Repeated in the current year.

2018 – 006 EMPLOYEE TIME DOCUMENTATION AND AUTHORIZATION

*Current Status:* Resolved. Not Repeated in the current year.

2018 – 007 LOBBY COSTS

*Current Status:* Resolved. Not Repeated in the current year.

2018 – 008 UNTIMELY DEPOSITS

*Current Status:* Resolved. Not Repeated in the current year.

2018 – 010 PURCHASE MADE PRIOR TO APPROVAL

*Current Status:* Resolved. Not Repeated in the current year.



The independent public accountants assisted in the preparation of the financial statements.

An exit conference was held October 31, 2019 and was attended by the following individuals:

Mora Independent School District No. 44

Lillian Maestas	Board Member
Marvin MacAuley	Superintendent
Miguel Martinez	Business Manager
Lefonso Castillo	High School/Middle School Principal
Rachel Martinez	Food Service
Shirley D Vigil	Executive Assistant
Raelonann Chavez	Headstart Director
Beverly Montoya	Human Resources

ACCOUNTING & FINANCIAL SOLUTIONS, LLC

Terry Ogle, CPA	Partner
-----------------	---------