



**STATE OF NEW MEXICO  
PEÑASCO INDEPENDENT SCHOOL DISTRICT**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**JUNE 30, 2019**

## INTRODUCTORY SECTION

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PEÑASCO INDEPENDENT SCHOOL DISTRICT  
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JUNE 30, 2019**

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PEÑASCO INDEPENDENT SCHOOL DISTRICT  
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**STATE OF NEW MEXICO  
PEÑASCO INDEPENDENT SCHOOL DISTRICT  
OFFICIAL ROSTER  
JUNE 30, 2019**

<u>Name</u>	<u>Title</u>
<u>Board of Education</u>	
Leroy Lopez	Member
Dorothy Lopez-Sherman	Member
Amanda Bissell	Vice-President
Mary Trujillo Mascarenas	President
Sherry Archuleta	Secretary
<u>Administrative Officials</u>	
Lisa Hamilton	Superintendent
Jolene Jaramillo	Contracted Business Manager

## FINANCIAL SECTION



## INDEPENDENT AUDITOR'S REPORT

The Board of Education  
Peñasco Independent School District  
Peñasco, New Mexico and  
Mr. Brian Colón, Esq.  
New Mexico State Auditor  
Santa Fe, New Mexico

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue funds of the Peñasco Independent School District (the District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

The Board of Education  
Peñasco Independent School District and  
Mr. Brian Colón, Esq.  
New Mexico State Auditor

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

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

## **Opinions**

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

## **Other Matters**

### *Required Supplementary Information*

Management has omitted the *Management 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 the financial reporting for the placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Required Supplementary Information on pages 54-58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedules required by 2.2.2 NMAC (Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds, Schedule of Collateral Pledged by Depository for Public Funds, Schedule of Cash and Temporary Investment



The Board of Education  
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Mr. Brian Colón, Esq.  
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Accounts, and the Schedule of Cash Reconciliation) and other information, such as the Introductory Section and Corrective Action Plan, which are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards, and the schedules required by 2.2.2 NMAC (Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds, Schedule of Collateral Pledged by Depository for Public Funds, Schedule of Cash and Temporary Investment Accounts, and the Schedule of Cash Reconciliation) 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the Schedule of Expenditures of Federal Awards, and the schedules required by 2.2.2 NMAC (Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds, Schedule of Collateral Pledged by Depository for Public Funds, Schedule of Cash and Temporary Investment Accounts, and the Schedule of Cash Reconciliation) are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory Section and Corrective Action Plan have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Jaramillo Accounting Group LLC (JAG)  
Albuquerque, New Mexico  
November 4, 2019

**STATE OF NEW MEXICO  
PENASCO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2019**

	Governmental Activities
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and temporary investments	\$ 234,539
Receivables, net of allowance for uncollectibles	733,478
Inventory	14,517
<b>Total current assets</b>	982,534
<b>Non-current assets</b>	
Restricted cash	1,453,414
Capital assets, net	9,115,983
<b>Total non-current assets</b>	10,569,397
<b>Total assets</b>	11,551,931
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Related to pensions	3,394,887
Related to OPEB	1,744,923
	5,139,810
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts payable	71,973
Accrued expenses	221,114
Accrued interest	-
Accrued compensated absences	40,183
Bonds payable, current	120,000
<b>Total current liabilities</b>	453,270
<b>Non-current Liabilities</b>	
Accrued compensated absences	-
Bonds payable	1,350,000
Bond premium, net	-
Net pension liability	12,909,229
Net OPEB liability	3,796,549
<b>Total non-current liabilities</b>	18,055,778
<b>Total liabilities</b>	18,509,048
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unspent Capital Funds	1,016,436
Related to pensions	445,297
Related to OPEB	980,959
	2,442,692
<b>NET POSITION</b>	
Net investment in capital assets	7,645,983
Restricted for	
Debt service	216,691
Capital projects	197,254
Special revenue	228,429
Other	19,824
Unrestricted (deficit)	(12,568,181)
<b>Total net position (deficit)</b>	\$ (4,260,000)

See Accompanying Notes.

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

Functions/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Position
<b>Primary government</b>					
Governmental activities					
Instruction	\$ 4,311,223	\$ -	\$ 1,302,871	\$ -	\$ (3,008,352)
Support services					
Students	802,246	-	-	-	(802,246)
Instruction	141,876	-	-	-	(141,876)
General administration	333,001	-	-	-	(333,001)
School administration	330,757	-	-	-	(330,757)
Other support services	-	-	-	-	-
Central services	456,709	-	-	-	(456,709)
Operation and maintenance of plant	1,061,061	-	-	156,839	(904,222)
Student transportation	364,575	-	254,562	-	(110,013)
Food services operation	316,866	-	233,462	-	(83,404)
Interest on long-term debt	57,048	-	-	-	(57,048)
<b>Total primary government</b>	<b>\$ 8,175,363</b>	<b>\$ -</b>	<b>\$ 1,790,895</b>	<b>\$ 156,839</b>	<b>(6,227,629)</b>
Property taxes:					
					12,524
					185,614
					107,858
					3,736,408
					490
					95,777
					<b>4,138,671</b>
					<b>(2,088,958)</b>
					Net position - beginning (deficit) - as originally reported (2,195,719)
					Restatement 24,677
					Net position - beginning (deficit)-as restated (2,171,042)
					<b>\$ (4,260,000)</b>

See Accompanying Notes.

**STATE OF NEW MEXICO  
PENASCO INDEPENDENT SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2019**

	Operational Funds			
	11000	13000	14000	24101
	General	Transportation	Instructional Materials	Title I IASA
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and temporary investments	\$ 7,811	\$ 10,529	\$ 16,875	\$ -
Restricted cash	-	-	-	-
Accounts receivable				
Taxes	443	-	-	-
Due from other governments	-	-	-	201,595
Other	78,212	-	1,303	-
Interfund receivables	474,915	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
<b>Total assets</b>	<u>\$ 561,381</u>	<u>\$ 10,529</u>	<u>\$ 18,178</u>	<u>\$ 201,595</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 29,326	\$ 664	\$ -	\$ -
Accrued liabilities	152,829	8,219	-	10,066
Interfund payables	-	-	-	191,529
Deferred revenue				
Property taxes	-	-	-	-
<b>Total liabilities</b>	<u>182,155</u>	<u>8,883</u>	<u>-</u>	<u>201,595</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unspent Capital Funds	-	-	-	-
Unearned revenue - property taxes	-	-	-	-
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	-	1,646	18,178	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	379,226	-	-	-
<b>Total fund balances</b>	<u>379,226</u>	<u>1,646</u>	<u>18,178</u>	<u>-</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 561,381</u>	<u>\$ 10,529</u>	<u>\$ 18,178</u>	<u>\$ 201,595</u>

See Accompanying Notes.

**STATE OF NEW MEXICO**  
**PENASCO INDEPENDENT SCHOOL DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS (CONTINUED)**  
**JUNE 30, 2019**

	31100 Bond Building	Other Governmental Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and temporary investments	\$ -	\$ 636,302	\$ 671,517
Restricted cash	1,016,436	-	1,016,436
Accounts receivable			
Taxes	-	94,522	94,965
Due from other governments	38,473	318,930	558,998
Other	-	-	79,515
Interfund receivables	-	-	474,915
Prepaid expenditures	-	-	-
Inventory	-	14,517	14,517
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total assets</b>	<b>\$ 1,054,909</b>	<b>\$ 1,064,271</b>	<b>\$ 2,910,863</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ -	\$ 41,983	\$ 71,973
Accrued liabilities	-	50,001	221,115
Interfund payables	38,473	244,913	474,915
Deferred revenue			
Property taxes	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total liabilities</b>	<b>38,473</b>	<b>336,897</b>	<b>768,003</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unspent Capital Funds	1,016,436	-	1,016,436
Unearned revenue - property taxes	-	85,000	85,000
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total deferred inflows of resources</b>	<b>1,016,436</b>	<b>85,000</b>	<b>1,101,436</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>FUND BALANCES</b>			
Nonspendable	-	14,517	14,517
Restricted	-	627,857	647,681
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	379,226
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total fund balances</b>	<b>-</b>	<b>642,374</b>	<b>1,041,424</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 1,054,909</b>	<b>\$ 1,064,271</b>	<b>\$ 2,910,863</b>
	<u>          </u>	<u>          </u>	<u>          </u>

See Accompanying Notes.

**STATE OF NEW MEXICO  
PENASCO INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2019**

	Governmental Funds
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Fund balances - total governmental funds	\$ 1,041,424
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,115,983
Defined benefit pension and OPEB plan deferred outflows are not financial resources and, therefore, are not reported in the funds.	5,139,810
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:	
Delinquent property taxes not collected within sixty days after year end are not considered "available" revenues and are considered to be unearned revenue in the fund financial statements, but are considered revenue in the Statement of Activities	85,000
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Net pension liability	(12,909,229)
Net OPEB liability	(3,796,549)
Accrued compensated absences	(40,183)
General obligation bonds	(1,470,000)
Defined benefit pension and OPEB plans deferred inflows are not due and payable in the current period and, therefore, are not reported in the funds.	(1,426,256)
<b>Net Position (Deficit) - Total Governmental Activities</b>	<b>\$ (4,260,000)</b>

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

	Operational Fund			24101
	11000	13000	14000	
	General	Transportation	Instructional Materials	
<b>REVENUES</b>				
Property taxes	\$ 12,524	\$ -	\$ -	\$ -
State grants	3,736,408	252,702	12,747	-
Federal grants	94,187	-	-	260,612
Miscellaneous	93,906	1,860	-	-
Interest	433	-	-	-
Local sources	1,637	-	-	-
<b>Total revenues</b>	<u>3,939,095</u>	<u>254,562</u>	<u>12,747</u>	<u>260,612</u>
<b>EXPENDITURES</b>				
Current				
Instruction	1,777,659	-	1,948	144,251
Support services				
Students	398,188	-	-	91,175
Instruction	10,387	-	-	-
General administration	244,699	-	-	15,192
School administration	286,264	-	-	9,994
Central services	318,707	-	-	-
Operation and maintenance of plant	871,313	-	-	-
Student transportation	46,042	257,988	-	-
Other support services	305	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Community services	529	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>3,954,093</u>	<u>257,988</u>	<u>1,948</u>	<u>260,612</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(14,998)</u>	<u>(3,426)</u>	<u>10,799</u>	<u>-</u>
<b>Other financing sources</b>				
Bond underwriter premium	-	-	-	-
Proceeds from bond issues	-	-	-	-
<b>Total other financing sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>(14,998)</u>	<u>(3,426)</u>	<u>10,799</u>	<u>-</u>
Fund balances, beginning of year, as originally reported	392,330	11,044	7,379	-
Restatement	1,894	(5,972)	-	-
Fund balances, beginning of year, as restated	<u>394,224</u>	<u>5,072</u>	<u>7,379</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 379,226</u>	<u>\$ 1,646</u>	<u>\$ 18,178</u>	<u>\$ -</u>

See Accompanying Notes.

**STATE OF NEW MEXICO  
PENASCO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - GOVERNMENTAL FUNDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019**

	31100	Other	Total
	Bond Building	Governmental Funds	Governmental Funds
<b>REVENUES</b>			
Property taxes	\$ -	\$ 293,472	\$ 305,996
State grants	156,839	257,864	4,416,560
Federal grants	-	826,688	1,181,487
Miscellaneous	-	11	95,777
Interest	-	57	490
Local sources	-	84,458	86,095
<b>Total revenues</b>	<u>156,839</u>	<u>1,462,550</u>	<u>6,086,405</u>
<b>EXPENDITURES</b>			
Current			
Instruction	-	447,564	2,371,422
Support services			
Students	-	295,634	784,997
Instruction	-	96,990	107,377
General administration	-	38,611	298,502
School administration	-	-	296,258
Central services	-	-	318,707
Operation and maintenance of plant	-	-	871,313
Student transportation	-	8,796	312,826
Other support services	-	-	305
Operation of non-instructional services			
Food services operations	-	299,617	299,617
Community services	-	2,974	3,503
Capital outlay	38,473	289,586	328,059
Debt service			
Principal	-	110,000	110,000
Interest	-	70,578	70,578
<b>Total expenditures</b>	<u>38,473</u>	<u>1,660,350</u>	<u>6,173,464</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>118,366</u>	<u>(197,800)</u>	<u>(87,059)</u>
<b>Other financing sources</b>			
Bond underwriter premium	-	-	-
Proceeds from bond issues	-	-	-
<b>Total other financing sources</b>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>118,366</u>	<u>(197,800)</u>	<u>(87,059)</u>
Fund balances, beginning of year, as originally reported	(118,366)	837,955	1,130,342
Restatement	-	2,219	(1,859)
Fund balances, beginning of year, as restated	<u>(118,366)</u>	<u>840,174</u>	<u>1,128,483</u>
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ 642,374</u>	<u>\$ 1,041,424</u>

See Accompanying Notes.



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

	<u>Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Net changes in fund balances - total governmental funds	\$ (87,059)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which depreciation exceeds capital outlays for the period.	
Depreciation expense	(862,493)
Capital outlays (capitalized under Capital Asset Policy)	217,055
Loss on disposition of assets	(15,082)
Revenues that do not provide current financial resources are not reported as revenues in the fund statements but are reporting in the Statement of Activities	
The issuance of long-term debt (e.g., bonds, notes, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:	
Change in accrued interest payable	13,530
Change in accrued compensated absences	(203)
Principal payments on bonds	110,000
Contributions to pension and OPEB plans subsequent to measurement date	418,495
Pension and OPEB expenses	<u>(1,883,201)</u>
<b>Changes in Net Position - Total Governmental Activities</b>	<b><u>\$ (2,088,958)</u></b>

**STATE OF NEW MEXICO**  
**PENASCO INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**GENERAL FUND (11000)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<b>REVENUES</b>				
Property taxes	\$ 12,558	\$ 12,558	\$ 12,364	\$ (194)
State grants	3,645,312	3,759,852	3,736,408	(23,444)
Federal grants	38,636	38,636	94,187	55,551
Miscellaneous	61,064	61,064	39,770	(21,294)
Interest	-	-	433	433
<b>Total revenues</b>	<u>3,757,570</u>	<u>3,872,110</u>	<u>3,883,162</u>	<u>11,052</u>
<b>EXPENDITURES</b>				
Current				
Instruction	1,987,275	1,958,560	1,790,238	168,322
Support services				
Students	517,803	524,052	403,785	120,267
Instruction	18,866	13,511	10,387	3,124
General administration	223,148	256,570	242,843	13,727
School administration	211,919	294,947	285,699	9,248
Central services	282,667	318,306	317,338	968
Operation and maintenance of plant	739,202	867,364	860,659	6,705
Student transportation	3,000	35,604	46,042	(10,438)
Other support services	1,690	1,690	305	1,385
Operation of non-instructional services				
Food services operations	-	-	-	-
Community services	-	840	529	311
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>3,985,570</u>	<u>4,271,444</u>	<u>3,957,825</u>	<u>313,619</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(228,000)</u>	<u>(399,334)</u>	<u>(74,663)</u>	<u>324,671</u>
<b>Net changes in fund balances</b>	(228,000)	(399,334)	(74,663)	324,671
Fund balances - beginning of year	-	-	583,409	583,409
<b>Fund balances - end of year</b>	<u>\$ (228,000)</u>	<u>\$ (399,334)</u>	<u>\$ 508,746</u>	<u>\$ 908,080</u>
<b>Reconciliation to GAAP Basis</b>				
Adjustments to revenues			55,933	
Adjustments to expenditures			3,732	
<b>Changes in fund balances</b>			<u>\$ (14,998)</u>	

See Accompanying Notes.

**STATE OF NEW MEXICO**  
**PENASCO INDEPENDENT SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**  
**PUPIL TRANSPORTATION FUND (13000)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	252,702	252,702	252,702	-
Federal grants	-	-	-	-
Miscellaneous	-	-	1,860	1,860
Interest	-	-	-	-
<b>Total revenues</b>	<u>252,702</u>	<u>252,702</u>	<u>254,562</u>	<u>1,860</u>
<b>EXPENDITURES</b>				
Current				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	252,702	258,224	258,224	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>252,702</u>	<u>258,224</u>	<u>258,224</u>	<u>-</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>-</u>	<u>(5,522)</u>	<u>(3,662)</u>	<u>1,860</u>
<b>Net changes in fund balances</b>	-	(5,522)	(3,662)	1,860
Fund balances - beginning of year	-	-	19,350	19,350
<b>Fund balances - end of year</b>	<u>\$ -</u>	<u>\$ (5,522)</u>	<u>\$ 15,688</u>	<u>\$ 21,210</u>
<b>Reconciliation to GAAP Basis</b>				
Adjustments to revenues			-	
Adjustments to expenditures			236	
<b>Changes in fund balances</b>			<u>\$ (3,426)</u>	

See Accompanying Notes.

**STATE OF NEW MEXICO  
PENASCO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
INSTRUCTIONAL MATERIALS FUND (14000)  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	11,443	12,747	11,443	(1,304)
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<b>Total revenues</b>	<u>11,443</u>	<u>12,747</u>	<u>11,443</u>	<u>(1,304)</u>
<b>EXPENDITURES</b>				
Current				
Instruction	11,443	20,127	1,948	18,179
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>11,443</u>	<u>20,127</u>	<u>1,948</u>	<u>18,179</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>-</u>	<u>(7,380)</u>	<u>9,495</u>	<u>16,875</u>
<b>Net changes in fund balances</b>	-	(7,380)	9,495	16,875
Fund balances - beginning of year	-	-	7,379	7,379
<b>Fund balances - end of year</b>	<u>\$ -</u>	<u>\$ (7,380)</u>	<u>\$ 16,874</u>	<u>\$ 24,254</u>
<b>Reconciliation to GAAP Basis</b>				
Adjustments to revenues			1,304	
Adjustments to expenditures			-	
<b>Changes in fund balances</b>			<u>\$ 10,799</u>	

See Accompanying Notes.

**STATE OF NEW MEXICO  
PENASCO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL  
TITLE I IASA (24101)  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	224,522	324,876	155,709	(169,167)
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<b>Total revenues</b>	<u>224,522</u>	<u>324,876</u>	<u>155,709</u>	<u>(169,167)</u>
<b>EXPENDITURES</b>				
Current				
Instruction	206,933	207,523	144,252	63,271
Support services				
Students	-	93,914	91,175	2,739
Instruction	-	-	-	-
General administration	7,498	13,348	15,192	(1,844)
School administration	10,091	10,091	9,994	97
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>224,522</u>	<u>324,876</u>	<u>260,613</u>	<u>64,263</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>-</u>	<u>-</u>	<u>(104,904)</u>	<u>(104,904)</u>
<b>Net changes in fund balances</b>	-	-	(104,904)	(104,904)
Fund balances - beginning of year	-	-	(88,396)	(88,396)
<b>Fund balances - end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (193,300)</u>	<u>\$ (193,300)</u>
<b>Reconciliation to GAAP Basis</b>				
Adjustments to revenues			104,904	
Adjustments to expenditures			<u>-</u>	
<b>Changes in fund balances</b>			<u>\$ -</u>	

See Accompanying Notes.

**STATE OF NEW MEXICO  
PENASCO INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS  
JUNE 30, 2019**

	<u>Agency Funds</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash	\$ <u>116,968</u>
<b>Total assets</b>	<u>\$ 116,968</u>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Deposits held in trust for others	\$ <u>116,968</u>
<b>Total liabilities</b>	<u>\$ 116,968</u>

**STATE OF NEW MEXICO**  
**PEÑASCO INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

Peñasco Independent School District (the District) is a special purpose government corporation governed by an elected five-member Board of Education. The Board of Education is the basic level of government, which has oversight, responsibility and control over the activities related to the 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 Board is authorized to establish policies and regulations for its own government, consistent with the laws of the State of New Mexico and the regulations of the Legislative Finance Committee. The Board is comprised of five members who are elected for terms of four years. The District operates 3 schools within the District, with a total enrollment of approximately 380 pupils. In conjunction with the regular educational programs, some of these schools offer special education. In addition, the Board provides transportation and school food services for the students.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standard Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of the District's accounting policies are described below.

**A. Financial reporting entity**

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units for which the District may be financially accountable and, as such, should be included within the District's financial statements. The District (the primary government) is financially accountable if (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the District. Organizations for which the District is not financially accountable are also included when doing so is necessary in order to prevent the District's financial statements from being misleading. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statements No. 39 and 61. Blended component units, although legally separate entities, are in substance part of the government's operations. Discretely presented Component Units are reported in separate columns in the government-wide financial statements to emphasize that it is legally separate from the government.

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

**STATE OF NEW MEXICO  
PEÑASCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Financial reporting entity (Continued)**

of whether the government is able to exercise oversight responsibilities. Finally, the nature and significance of a potential component unit to the primary government could warrant its inclusion within the reporting entity. Based upon the application of these criteria, the District has no component units and is not a component unit of another governmental agency. Given the criteria, there are no component units to the primary government recognized.

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities and changes in net position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

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

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

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

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

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

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



**STATE OF NEW MEXICO  
PEÑASCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Government-wide and fund financial statements (Continued)**

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

**STATE OF NEW MEXICO  
PEÑASCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

The District reports the following major governmental funds:

The *General Fund* is the primary operating fund of the District and accounts for all financial resources of the general government, except those required to be accounted for in other funds. Revenues are provided by the District's school tax levy, state equalization and transportation funds, state instructional material allocations, and earnings from investments. Expenditures include all costs associated with the daily operations of the school except for those items included in other funds. The general fund includes the Pupil Transportation Fund, which is used to pay for the costs associated with transporting school-age children. It also includes the Instructional Materials Fund, which is used to account for the monies received from the New Mexico Public Education Department for the purposes of purchasing instructional materials (books, manuals, periodical, etc.) used in the education of students.

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

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

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

Under the requirements of GASB #34, the District is required to present certain of its governmental funds as major funds based upon certain criteria. The major funds presented in the fund financial statements include the following (in addition to the General Fund 11000), which may include funds that were not required to be presented as major, but were at the discretion of management:

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

The *Instructional Materials Fund (14000)* accounts for funding designated for instructional materials purchases as authorized by Sections 12-15-1 through 22-15-14, NMSA 1978, for the purposes of purchasing instructional materials (books, manuals, periodicals, etc.) used in the education of students. This is considered by PED to be a sub-fund of the General Fund.

STATE OF NEW MEXICO  
PEÑASCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

The *Bond Building Capital Projects Fund (31100)* is used to account for bond proceeds and any income earned thereon. The proceeds are restricted for the purpose of making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the District.

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

The *Debt Service Fund (41000)* is used to account for the accumulation of resources for the payment of General Long-Term Debt principal and interest.

Additionally, the District reports the following agency fund:

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**STATE OF NEW MEXICO  
PEÑASCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in both the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

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

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

**D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position or equity**

**Cash and Temporary Investments:** The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Money market investments and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less and are held by governments other than external investment pools should be measured at amortized cost as provided in paragraph 9 of GASB No. 72.

State statutes authorize the District to invest in Certificates of Deposit, obligations of the U.S. Government, and the State Treasurer's Local Government Investment Pool (LGIP). The LGIP operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**Restricted Assets:** The Debt Service Fund is used to report resources set aside as restricted to make up potential future deficiencies in the revenue bond current debt service account. Restricted cash in the Bond Building Fund are assets held in trust by Taos County for future capital projects.

STATE OF NEW MEXICO  
PEÑASCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, deferred outflows or resources, liabilities, deferred inflows of resources, and net position or equity (Continued)**

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

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. There is no allowance for doubtful account in the current year.

The District receives monthly income from a tax levy in Taos and Rio Arriba Counties. The funds are collected by the County Treasurer and are remitted to the School District the following month. Under the modified accrual method of accounting, the amount remitted by the County Treasurer in July and August 2019 is considered “measurable and available” and, accordingly, is recorded as revenue in the governmental fund statements during the year ended June 30, 2019. Period of availability is deemed to be 60 days subsequent to year end.

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

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

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

**Capital Assets:** Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000, per Section 12-6-10 NMSA 1978, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets received prior to June 15, 2016 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2016 are recorded at acquisition value.

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PEÑASCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, deferred outflows or resources, liabilities, deferred inflows of resources, and net position or equity (Continued)**

Information Technology Equipment, including software, is being capitalized and included in furniture, fixtures, and equipment in accordance with NMAC 2.20.1.9 C (5). The District was a Phase II government for purposes of implementing GASB Statement No. 34. However, the District does not have any infrastructure assets to report. Capital expenditures made by the NM Public Schools Facilities Authority are appropriately included in the District's capital assets.

The cost of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized. Library books are not capitalized because they are considered to have a useful life of less than one year.

Pursuant to the implementation of GASB Statement No. 34, the historical cost of infrastructure assets (retroactive to 1979) are to be included as part of the governmental capital assets reported in the government-wide financial statements. However, infrastructure assets have not been included in the June 30, 2019 financial statements of the District since the District did not own any infrastructure assets as of June 30, 2019. Information technology equipment, including software, is being capitalized and included in furniture and equipment as the District did not maintain internally-developed software. The District expenses the cost of library books when purchased. 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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Construction projects paid for by the Public School Capital Outlay Council are included in the District's capital assets. No interest was included as part of the cost of capital assets under construction during the year ended June 30, 2019.

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

Buildings and improvements	20-40 years
Furniture, fixtures, & equipment	3-7 years

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

**Deferred Inflows of Resources:** In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expendi-

STATE OF NEW MEXICO  
PEÑASCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, deferred outflows or resources, liabilities, deferred inflows of resources, and net position or equity (Continued)**

tures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources. The District has two types of items which arise under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue-property taxes is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the District has pension-related deferred inflows of resources items that qualify for reporting in this category.

**Unearned Revenues:** The District recognizes grant revenue at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as unearned revenues. Amounts receivable from the property taxes levied for the current year that are not considered to be “available” under the current financial resource’s measurement focus are reported as unearned revenues in the governmental fund financial statements.

**Deferred Revenues:** There are two types of deferred revenue. Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for deferred revenue (commonly referred to as unearned revenue). The other type of deferred revenue is “unavailable revenue.” Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized as revenue of the current period. It must also be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period). If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal year, then the assets must be off-set by a corresponding liability for deferred revenue.

**Compensated Absences:** It is the District’s policy to permit employees to accumulate 120 days of earned but unused vacation. Upon termination, the employee can be paid or unused and earned annual leave not to exceed 120 days.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the district-wide statement of net position.

**Long-term Obligations:** In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position.

STATE OF NEW MEXICO  
PEÑASCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, deferred outflows or resources, liabilities, deferred inflows of resources, and net position or equity (Continued)**

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

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

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

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

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

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

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

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



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JUNE 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, deferred outflows or resources, liabilities, deferred inflows of resources, and net position or equity  
(Continued)**

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

	Operational Funds					
	11000	13000	14000	24101	24106	
	General	Transportation	Instructional Materials	Title I IASA	Entitlement IDEA-B	
Fund Balance						
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	
Restricted						
Instruction	-	1,646	18,178	-	-	
Special Revenue	-	-	-	-	-	
Capital Projects	-	-	-	-	-	
Debt Service	-	-	-	-	-	
Assigned	-	-	-	-	-	
Unassigned	379,226	-	-	-	-	
	<u>379,226</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<b>Total fund balance</b>	<u>\$ 379,226</u>	<u>\$ 1,646</u>	<u>\$ 18,178</u>	<u>\$ -</u>	<u>\$ -</u>	
	31100	31400	31701	41000	Other Governmental Funds	Total Primary Government
	Bond Building	Special Capital Outlay	Cap Impr SB-9	Debt Service		
Fund Balance						
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 14,517	\$ 14,517
Restricted						
Instruction	-	-	-	-	-	19,824
Special Revenue	-	-	-	-	213,912	213,912
Capital Projects	-	62,967	134,287	-	-	197,254
Debt Service	-	-	-	216,691	-	216,691
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	379,226
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>379,226</u>
<b>Total fund balance</b>	<u>\$ -</u>	<u>\$ 62,967</u>	<u>\$ 134,287</u>	<u>\$ 216,691</u>	<u>\$ 228,429</u>	<u>\$ 1,041,424</u>

STATE OF NEW MEXICO  
PEÑASCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, deferred outflows or resources, liabilities, deferred inflows of resources, and net position or equity (Continued)**

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

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

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

*Unrestricted Net Position:* All other net position that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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

**Minimum Fund Balance Policy:** The District’s policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. At a minimum, the budget shall ensure that the District holds cash reserves of 5% of the general fund cash balance.

**Pensions:** For the purpose 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 New Mexico Educational Retirement Board (ERB), and additions to/deductions from ERB’s fiduciary net position have been determined on the same basis as they are reported by the ERB; on the economic resource’s measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

**STATE OF NEW MEXICO  
PEÑASCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Revenues**

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

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

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

**State 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 (Article 8, Section 22-8-25, Chapter 22, Section 825, NMSA 1978) is at least equal to the school district's program costs."

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education, 2) basic education, 3) special education, 4) bilingual-multicultural education, 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$3,736,408 in state equalization guarantee distributions during the year ended June 30, 2019.

**Tax Revenues:** The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Property taxes are assessed on January 1 of each year and are payable in two equal installments: on November 10 of the year in which the tax bill is prepared and April 10 of the following year with the levies becoming delinquent 30 days (one month) thereafter. The District recognizes property tax revenues in the period for which they are levied, net of estimated refunds and uncollectible amounts. The District records only the portion of the taxes considered to be 'measurable' and 'available'. The District records all taxes receivable on the government-wide financial statements. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes.

In the financial statements, the mill levy and ad-valorem taxes are broken out into two types: property taxes – residential and commercial and property taxes – oil and gas. Amounts collected from residential and commercial property taxes at June 30, 2019 were \$305,996.

**STATE OF NEW MEXICO  
PEÑASCO INDEPENDENT SCHOOL DISTRICT  
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JUNE 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Revenues (Continued)**

**Transportation Distributions:** School districts in the State of New Mexico receive student transportation distributions. The transportation distributions are 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 12 attending public school within the school district. The District received \$252,702 in transportation distributions during the year ended June 30, 2019.

**Instructional Materials:** The New Mexico Public Education Department (PED) receives federal material leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, 50% is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while 50% of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2019 totaled \$12,747.

**SB-9 State Match:** The Director shall distribute to any school district that has imposed a tax under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of Section 22-25-3 NMSA 1978, assuming a 100% collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act. The distribution shall be made by December 1 of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. However, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary. The District received \$107,858 in state SB-9 matching during the year ended June 30, 2019.

**Public School Capital Outlay:** Under the provisions of Chapter 22, Article 24, NMSA 1978, the money in the fund may be used for capital expenditures deemed by the public school capital outlay council necessary for an adequate educational program per Section 22-24-4.

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

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

**STATE OF NEW MEXICO  
PEÑASCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Revenues (Continued)**

5. The school district has provided insurance for buildings of the school district in accordance with the provisions of Section 13-5-3, NMSA 1978.

The council shall consider all applications for assistance from the fund and after public hearing shall either approve or deny the application. Applications for grant assistance shall only be accepted by the council after a district has complied with the provisions of this section. The council shall list all applications in order of priority and all allocations shall be made on a priority basis.(B); core administrative functions of the public school facilities authority and for project management expenses upon approval of the council per Section 22-24-4(G); and for the purpose of demolishing abandoned school district facilities, upon application by a school district to the council, per Section 22-24-4(L).

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

During the year ended June 30, 2019, the District received no special capital outlay funds.

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

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

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

**Budgetary Information**

Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are prepared by management and are approved by the local Board of Education and the School Budget and Planning Unit of the Public Education Department. Auxiliary student activity accounts are not budgeted. Public School Capital Outlay Council expenditures in the Public School Capital Outlay fund are not budgeted at the District level, so there is no budgetary comparison presented.

These budgets are prepared on the non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year and reconciled to the modified accrual GAAP financial statements. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. Because the budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year, such appropriated balance is legally restricted and is, therefore, presented as restricted fund balance.

**STATE OF NEW MEXICO  
PEÑASCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**Budgetary Information (Continued)**

Actual expenditures may not exceed the budget at the function (or “series”) level. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a ‘series,’ this may be accomplished with only local Board of Education approval. If a transfer between ‘series’ or a budget increase is required, approval must also be obtained from Public School Finance Division.

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

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

1. In April or May, the local Board submits to the District Budget Planning Unit (DBPU) of the New Mexico Public Education Department (PED) a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets are submitted to the PED.
2. In May or June of each year, the proposed “operating” budget will be reviewed and approved by the DBPU and certified and approved by the local Board at a public hearing of which notice has been published by the local Board, which fixes the estimated budget for the school district for the ensuing fiscal year.
3. The Board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called.
4. The “operating” budget will be used by the District until they have been notified that the budget has been approved by the DBPU and the local Board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
5. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local Board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the DBPU.
6. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board and the PED.
7. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the DBPU.
8. Legal budget control for expenditures is by function.

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**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**Budgetary Information (Continued)**

9. Appropriations lapse at fiscal year-end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget schedules included in the accompanying financial statements reflect the approved budget and the final budget.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds.

Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a cash basis and are reconciled on a GAAP basis. Encumbrances are treated the same way for GAAP purposes and for budget purposes.

The Board may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico Administrative Code 6.20.2.9 prohibits the District from exceeding budgetary control at the function level.

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

The reconciliation between the non-GAAP budgetary basis amounts and the financial statements on the GAAP basis for each governmental fund are included in each individual budgetary comparison.

The accompanying statements of revenues, expenditures and changes in fund balance – budget (non-GAAP Budgetary Basis) and actual present comparisons of the legally adopted budget with actual data on a budgetary basis and reconciled to the GAAP basis.

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

**NOTE 3. CASH AND CASH EQUIVALENTS**

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

Deposits of funds may be made in interest or non-interest bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the

**STATE OF NEW MEXICO  
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**NOTE 3. CASH AND CASH EQUIVALENTS (CONTINUED)**

extent that they are insured by an agency of the United States or collateralized as required by statute. The financial institution must provide pledged collateral for 50% of the deposit amount in excess of the deposit insurance.

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 100% of the asking 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.

All of the District's accounts at an insured depository institution, including all non-interest bearing transaction accounts, are insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000 for all deposit accounts out of state, and up to \$250,000 for all time and saving accounts, plus up to \$250,000 for all demand deposit accounts held at a single institution in state.

The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

According to the Federal Deposit Insurance Corporation, public unit deposits are funds owned by the public unit. Time deposits, savings deposits and interest bearing NOW accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution. Additionally, until December 31, 2016, all deposits in non-interest bearing transaction accounts (such as non-interest bearing checking accounts) at participating institutions are fully guaranteed, regardless of dollar amount.

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

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

At June 30, 2019, \$0 of the District's bank balances of \$885,473 was exposed to custodial credit risk as the entirety of the District's balance was held in non-interest bearing accounts and as such was covered by the FDIC. \$635,473 was uninsured and collateralized by collateral held by the pledging bank's trust department not in the District's name and \$0 was uninsured and uncollateralized.



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**NOTE 3. CASH AND CASH EQUIVALENTS (CONTINUED)**

	Centinel Bank
Deposits	
Checking	\$ 885,473
FDIC coverage	(250,000)
Total uninsured public funds	635,473
Collateral requirement (50% of uninsured public funds)	317,737
Pledged security	1,080,000
<b>Total (under) over collateralized</b>	<b>\$ 762,264</b>
<b>Uninsured and uncollateralized</b>	<b>\$ -</b>

The collateral pledged is listed on the Schedule of Pledged Collateral by Depository for Public Funds. The types of collateral allowed are limited by the Section 6-10-16, NMSA 1978. to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

The District utilizes internal pooled accounts for certain programs and funds. Negative cash balances arise primarily from cost-reimbursement grants. Negative cash balances in individual funds that were part of the pooled accounts were reclassified as due to/from accounts in the combining balance sheet as of June 30, 2019.

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JUNE 30, 2019**

**NOTE 3. CASH AND CASH EQUIVALENTS (CONTINUED)**

The following table presents the cash balances of negative cash funds before and after the reclassification of pooled cash from the General Fund (Fund 11000) as of June 30, 2019:

Fund	Funds with negative cash balances	Pooled cash reclassified from Fund 11000	Ending balance as reported
Title I IASA	\$ (191,528)	\$ 191,528	\$ -
Entitlement IDEA-B	(17,427)	17,427	-
Preschool IDEA-B	(1,575)	1,575	-
Fresh Fruits and Vegetables	(681)	681	-
Teacher/Principal Training & Recruiting	(22,623)	22,623	-
Carl D Perkins Special Projects - Current	(5,445)	5,445	-
Student Support & Academic Enrichment	(2,819)	2,819	-
Gear Up New Mexico State Initiative	(73,109)	73,109	-
Dual Credit Instructional Materials	(337)	337	-
2012 GO Bonds Student Library Fund	(7,317)	7,317	-
New Mexico Reads to Lead K-3 Reading Initiative	(27,778)	27,778	-
Truancy Initiative PED	(19,697)	19,697	-
PreK Initiative	(31,560)	31,560	-
Indian Education Act	(8,377)	8,377	-
After School Enrichment Program	(26,169)	26,169	-
Bond Building Fund	(38,473)	38,473	-
	<u>\$ (474,915)</u>	<u>\$ 474,915</u>	<u>\$ -</u>

**NOTE 4. RECEIVABLES**

Receivables as of June 30, 2019 are as follows:

	General Fund	Instructional Materials	Title I	Entitlement IDEA-B	Bond Building	Capital Improve- ments (SB-9) Local	Debt Service	Other Govern- mental	Total
Property taxes	\$ 443	\$ -	\$ -	\$ -	\$ -	\$ 28,469	\$ 66,053	\$ -	\$ 94,965
Intergovernmental	-	-	201,595	21,386	38,473	-	-	297,544	558,998
Other	78,212	1,303	-	-	-	-	-	-	79,515
<b>Total by fund</b>	<u>\$ 78,655</u>	<u>\$ 1,303</u>	<u>\$ 201,595</u>	<u>\$ 21,386</u>	<u>\$ 38,473</u>	<u>\$ 28,469</u>	<u>\$ 66,053</u>	<u>\$ 297,544</u>	<u>\$ 733,478</u>

The above receivables are deemed 100% collectible.

**STATE OF NEW MEXICO  
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**NOTE 5. INTERFUND RECEIVABLES AND PAYABLES**

The District records temporary interfund receivables and payables to enable the funds to operate until grant monies are received. "Interfund balances" have primarily been recorded when funds overdraw their share of pooled cash when the District is waiting for grant reimbursements. Interfund balances due to overdrawn cash balances by fund are equal to the amounts of funds with negative cash. The composition of interfund balances as of June 30, 2019 is as follows:

	Interfund Receivables	Interfund Payables
Governmental Activities		
Major Funds		
General Fund	\$ 474,915	\$ -
Title I - IASA	-	191,528
Entitlement IDEA-B	-	17,427
Bond Building	-	38,473
Nonmajor Funds		
Special Revenue Funds	-	227,487
	-	227,487
<b>Total governmental activities</b>	<b>\$ 474,915</b>	<b>\$ 474,915</b>

All interfund balances are intended to be repaid within one year.

There were no net operating transfers, made to close out funds and to supplement other funding sources for the year ended June 30, 2019.

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JUNE 30, 2019**

**NOTE 6. CAPITAL ASSETS**

A summary of capital assets and changes occurring during the year ended June 30, 2019 follows:

	Balance June 30, 2018	Additions	Deletions	Adjustments	Balance June 30, 2019
<b>Capital Assets not being depreciated</b>					
Land	\$ 1,530,311	\$ -	\$ -	\$ -	\$ 1,530,311
Construction in process	-	-	-	-	-
<b>Total capital assets not being depreciated</b>	<u>1,530,311</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,530,311</u>
<b>Capital Assets being depreciated</b>					
Land improvements	2,132,672	-	-	-	2,132,672
Buildings and building improvements	24,649,722	6,345	(49,448)	-	24,606,619
Furniture, fixtures, and equipment	1,634,792	210,710	(135,734)	-	1,709,768
<b>Total capital assets being depreciated</b>	<u>28,417,186</u>	<u>217,055</u>	<u>(185,182)</u>	<u>-</u>	<u>28,449,059</u>
<b>Accumulated depreciation</b>					
Land improvements	(1,037,044)	(131,253)	-	(73,273)	(1,241,570)
Buildings and building improvements	(18,200,182)	(591,222)	41,853	17,683	(18,731,868)
Furniture, fixtures, and equipment	(875,304)	(140,018)	128,247	(2,874)	(889,949)
<b>Total accumulated depreciation</b>	<u>(20,112,530)</u>	<u>(862,493)</u>	<u>170,100</u>	<u>(58,464)</u>	<u>(20,863,387)</u>
Net capital assets being depreciated	<u>8,304,656</u>	<u>(645,438)</u>	<u>(15,082)</u>	<u>(58,464)</u>	<u>7,585,672</u>
<b>Government activities capital assets, net</b>	<u>\$ 9,834,967</u>	<u>\$ (645,438)</u>	<u>\$ (15,082)</u>	<u>\$ (58,464)</u>	<u>\$ 9,115,983</u>

Depreciation expense for the year ended June 30, 2019 was charged to the following functions:

Depreciation expenses	
Instruction	\$ 344,998
Support services - Students	17,250
Support services - Instruction	34,499
Support services - Administration	34,499
Support services - Other	34,499
Central Services	138,002
Operation & maintenance of plant	189,748
Transportation	51,749
Food Services	17,249
	<u>\$ 862,493</u>

**STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 7. LONG-TERM DEBT**

General obligation bonds are secured by and payable solely from the Debt Service Fund and the Education Technology Debt Service Fund. General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued with varying terms and varying amounts of principal maturing each year. All general obligation bonds as of June 30, 2019 are for governmental activities. Bonds outstanding at June 30, 2019 are comprised of the following:

Bond Series	Date of Issue	Date of maturity	Balance at June 30, 2019
Series 2009 GO School Bonds	9/1/2017	9/1/2028	\$ <u>1,470,000</u>

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

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
General obligation bonds	\$ 1,580,000	\$ -	\$ (110,000)	\$ <b>1,470,000</b>	\$ 120,000
Compensated absences	<u>39,980</u>	<u>19,645</u>	<u>(19,442)</u>	<u><b>40,183</b></u>	<u>40,183</u>
<b>Total</b>	<u>\$ 1,619,980</u>	<u>\$ 19,645</u>	<u>\$ (129,442)</u>	<u>\$ <b>1,510,183</b></u>	<u>\$ 160,183</u>

**General Obligation Bonds.** The general obligation bond is a direct obligation and pledges the full faith and credit of the District. The bond was issued with varying terms (3.75-5.15%) for \$2,230,000 (Series 2009) with varying amounts of principal maturing each year. The general obligation bond as of June 30, 2019 is for governmental activities.

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

Fiscal Year Ending June 30,	Principal	Interest	Total Debt Service
2020	\$ 120,000	\$ 65,978	\$ 185,978
2021	125,000	60,828	185,828
2022	130,000	55,218	185,218
2023	135,000	49,230	184,230
2024	140,000	43,167	183,167
2025-2029	<u>820,000</u>	<u>106,419</u>	<u>926,419</u>
	<u>\$ 1,470,000</u>	<u>\$ 380,840</u>	<u>\$ 1,850,840</u>

**Compensated Absences.** Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2019, compensated absences increased \$203 from the prior year accrual. See Note 1 for more details.

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

**STATE OF NEW MEXICO**  
**PEÑASCO INDEPENDENT SCHOOL DISTRICT**  
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**NOTE 8. DEFERRED REVENUE**

In accordance with the terms of the various grant agreements within the Special Revenue Funds, revenues received in excess of expenditures carry over to the subsequent years, unless such excess revenues are requested to be returned to the grantor.

**NOTE 9. RISK MANAGEMENT**

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

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

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

**NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD**

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

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

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

**STATE OF NEW MEXICO  
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**NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

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

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

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

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

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

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

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

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

STATE OF NEW MEXICO  
PEÑASCO INDEPENDENT SCHOOL DISTRICT  
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**NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

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

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

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

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

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

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

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



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**NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

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

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

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

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

The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. For the fiscal year ended June 30, 2019, the District paid employee and employer contributions of \$738,877, which equal the amount of the required contributions. Contributions to the pension plan from the District were \$418,495 for the year ended June 30, 2019.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.** At June 30, 2019, the District reported a liability of \$12,909,229 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the ERB Board on April 21, 2017. There were no other significant events of changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2018. Therefore, the District's portion was established as of the measurement date of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions, actuarially determined. At June 30, 2019, the District's proportion was .10856%, which was an increase of 0.00482% from its proportion measured at June 30, 2018.

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**NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

For the year ended June 30, 2019, the District recognized pension expense of \$1,187,475. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual actuarial experience change of assumptions	\$ 9,422	\$ 245,683
Net differences between projected and actual earnings on pension plan investments	28,578	-
Changes in assumptions	2,660,531	-
Changes in proportion and differences between District contributions and proportionate share of contributions	277,861	199,614
District contributions subsequent to the measurement date	418,495	-
<b>Total</b>	<b>\$ 3,394,887</b>	<b>\$ 445,297</b>

The District reported \$418,495 as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date June 30, 2018 will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,		
2020	\$	1,477,380
2021		1,010,292
2022		43,047
2023		376
2024		-
<b>Total</b>	<b>\$</b>	<b>2,531,095</b>

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**NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

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

Inflation	2.50%												
Salary increases	3.25% composed of 2.50% inflation, plus a 0.75% productivity increase rate, plus a step-rate promotional increase for members with less than 10 years of service.												
Investment rate of return	7.25% compounded annually, net of expenses. This is made up of a 2.50% inflation rate and a 4.75 real rate of return.												
Average of expected remaining service lives	<table border="0" style="margin-left: 20px;"> <tr> <td style="text-align: right;">Fiscal year</td> <td style="text-align: center;"><u>2018</u></td> <td style="text-align: center;"><u>2017</u></td> <td style="text-align: center;"><u>2016</u></td> <td style="text-align: center;"><u>2015</u></td> <td style="text-align: center;"><u>2014</u></td> </tr> <tr> <td style="text-align: right;">Service life in years</td> <td style="text-align: center;">3.56</td> <td style="text-align: center;">3.65</td> <td style="text-align: center;">3.77</td> <td style="text-align: center;">3.92</td> <td style="text-align: center;">3.88</td> </tr> </table>	Fiscal year	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	Service life in years	3.56	3.65	3.77	3.92	3.88
Fiscal year	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>								
Service life in years	3.56	3.65	3.77	3.92	3.88								
Mortality	<p><b>Healthy males:</b> Based on the RP-2000 Combined Healthy Mortality Table with White Collar adjustments, not set back. Generational mortality improvements with Scale BB from the table’s base year of 2000.</p> <p><b>Healthy females:</b> Based on GRS Southwest Region Teacher Mortality Table, set back one year. Generational mortality improvements in accordance with Scale BB from the table’s base year of 2012.</p> <p><b>Disabled males:</b> RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB.</p> <p><b>Disabled females:</b> RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.</p> <p><b>Active members:</b> RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table’s base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for preretirement mortality.</p>												
Retirement age	Experience-based table rates based on age and service, adopted by the NMERB Board on April 21, 2017 in conjunction with the six-year experience study for the period ending June 30, 2016.												
Cost-of-living increases	1.90% per year, compounded annually; increases deferred until July 1 following the year a member retires, or the year in which a member attains the age of 65 (67 for Tier 3), whichever is later or, for disabled retirees, until July 1 of the third year following retirement.												
Payroll growth	3.00% per year (with no allowance for membership growth).												
Contribution accumulation	The accumulated member account balance with interest is estimated at the valuation date by assuming that member contributions increased 5.50% per year for all years prior to the valuation date. Contributions are credited with 4.00% interest, compounded annually, applicable to the account balances in the past as well as the future.												
Disability incidence	Approved rates are applied to eligible members with at least 10 years of service.												

**STATE OF NEW MEXICO  
PEÑASCO INDEPENDENT SCHOOL DISTRICT  
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**NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

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

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

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

The following schedule shows the asset allocation policy adopted on August 26, 2016, as well as the prior allocation targets:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equities	33%	
Fixed income	26%	
Alternatives	40%	
Cash	1%	
	100%	7.25%

**Discount rate.** A single discount rate of 5.9% was used to measure the total pension liability as of June 30, 2018. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, and a municipal bond rate of 3.56%, net of expense. Based on the stated assumptions and the projection of cash flows, the plan’s fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2053. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the 2053 fiscal year, and the municipal bond rate was applied to all benefit payments after that date.

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

**STATE OF NEW MEXICO  
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**NOTE 10. PENSION PLAN – EDUCATIONAL RETIREMENT BOARD (CONTINUED)**

**Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate.** The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 5.90%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.90%) or 1-percentage-point higher (6.90%) than the current rate.

	1 % Decrease 4.69%	Current Discount Rate 5.69%	1 % Increase 6.69%
District's proportionate share of the net pension liability	\$ 16,777,053	\$ 12,909,229	\$ 9,753,326

**Pension plan fiduciary net position.** Detailed information about the ERB’s fiduciary net position is available in the separately issued audited financial statements, which are publicly available at [https://www.nmerb.org/Annual\\_reports.html](https://www.nmerb.org/Annual_reports.html).

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

**NOTE 11. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN**

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

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

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

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 PEÑASCO INDEPENDENT SCHOOL DISTRICT  
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**NOTE 11. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (CONTINUED)**

**Employees covered by benefit terms.** At June 30, 2018, the Fund’s measurement date, the following State of New Mexico employees were covered by the benefit terms:

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

**Contributions.** Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the District were \$136,439 for the year ended June 30, 2019.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.** At June 30, 2019, the District reported a liability of \$3,796,549 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2018. At June 30, 2018, the District’s proportion was 0.08731%.

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

**NOTE 11. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (CONTINUED)**

For the year ended June 30, 2019, the District recognized OPEB expense of \$337,438. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual actuarial experience change of assumptions	\$ -	\$ 224,780
Net differences between projected and actual earnings on pension plan investments	-	47,380
Changes in assumptions	-	708,799
Changes in proportion and differences between District contributions and proportionate share of contributions	1,684,716	-
District contributions subsequent to the measurement date	<u>60,207</u>	<u>-</u>
<b>Total</b>	<u><u>\$ 1,744,923</u></u>	<u><u>\$ 980,959</u></u>

Deferred outflows of resources totaling \$60,207 represent District contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2020	\$ 107,691
2021	107,691
2022	164,454
2023	<u>216,230</u>
<b>Total</b>	<u><u>\$ 596,066</u></u>

**STATE OF NEW MEXICO  
PEÑASCO INDEPENDENT SCHOOL DISTRICT  
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JUNE 30, 2019**

**NOTE 11. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (CONTINUED)**

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

Valuation Date	June 30, 2018
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB; 2.25% for PERA
Projected payroll increases	3.50%
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 years 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 best estimates for the long-term expected rate of return is summarized as follows:

Asset Class	Target Allocation	Long-Term Rate of Return
U.S. core fixed income	20%	4.1%
U.S. equity - large cap	20%	9.1%
Non U.S. - emerging markets	15%	12.2%
Non U.S. - developed equities	12%	9.8%
Private equity	10%	13.8%
Credit and structured finance	10%	7.3%
Real estate	5%	6.9%
Absolute return	5%	6.1%
U.S. equity - small/mid cap	3%	9.1%



**STATE OF NEW MEXICO  
PEÑASCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 11. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN (CONTINUED)**

**Discount Rate.** The discount rate used to measure the Fund’s total OPEB liability is 3.81% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2028. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 3.81% is the blended discount rate.

**Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates.** The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.81%) or 1-percentage-point higher (4.81%) than the **current discount rate**:

1% Decrease (2.81%)	Current Discount (3.81%)	1% Increase (4.81%)
\$ 4,594,718	\$ 3,796,549	\$ 3,167,413

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

**Payable changes to net OPEB liability.** At June 30, 2019, the District did not report a payable for outstanding contributions due to NMRHCA for the year ended June 30, 2019.

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

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

- A. Deficit fund balance of individual funds: No District funds had deficits.
- B. Excess of expenditures over appropriations: District funds had excess expenditures over appropriations.
- C. Designated cash appropriations in excess of available balances: The District did not have any funds with designated cash appropriations in excess of available balances for the year ended June 30, 2019.

**NOTE 13. CONTINGENT LIABILITIES**

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

**STATE OF NEW MEXICO  
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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 13. CONTINGENT LIABILITIES (CONTINUED)**

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

The New Mexico Finance Authority maintains loans with Taos County secured by gross receipts taxes collected within the county. The District was apportioned the following from these issues:

2013 issue	\$1,485,878
2018 issue	\$ 591,966

The funds remaining at June 30, 2019 are:

2013 issue	\$ 424,470
2018 issue	\$ 591,966

The completion date of the 2013 funds may have passed and the District may be subject to "claw back" provisions on funds unspent at June 30, 2019. The District is studying the matter and does not believe they will be subject to these provisions.

**NOTE 14. SUBSEQUENT ACCOUNTING STANDARD PRONOUNCEMENTS**

In January 2017, GASB Statement No. 84, *Fiduciary Activities* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect future financial statements.

In June 2017, GASB Statement No. 87, *Leases* was issued. Effective Date: For reporting periods beginning after December 15, 2019. The District is still evaluating how this pronouncement will affect future financial statements.

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

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

In May 2019, GASB Statement No. 91, *Conduit Debt Obligations* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The District is still evaluating how this pronouncement will affect future financial statements.

**STATE OF NEW MEXICO  
PEÑASCO INDEPENDENT SCHOOL DISTRICT  
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**NOTE 15. TAX ABATEMENTS**

**Abatements of Other Governments.** The District is not subject to tax abatements granted by the Counties through the Industrial Revenue Bond Act. This program has the stated purposes of promoting industry and trade other than retail trade in the county and municipalities.

**NOTE 16. PRIOR PERIOD RESTATEMENT**

Fund Balance Restatement-June 30, 2018			
Fund	Balance As Previously Presented	Correction	Corrected Balance
General Fund	\$ 392,330	\$ 1,894	\$ 394,224
Transportation Fund	11,044	(5,972)	5,072
Capital Improvements SB-9	317,104	20	317,124
Food Service	104,045	474	104,519
Athletics	(492)	2,377	1,885
LANL Foundation	641	(641)	-
Kindergarten Three Plus	-	(11)	(11)
All Other Funds	305,670	-	305,670
	\$ 1,130,342	\$ (1,859)	\$ 1,128,483

Net Position Restatement-June 30, 2018			
Net Position	\$ (2,195,719)	\$ -	\$ (2,195,719)
Property Taxes Receivable	-	85,000	85,000
Misc. Cash Adjustment	-	(1,859)	(1,859)
Depreciation	-	(58,464)	(58,464)
	\$ (2,195,719)	\$ 24,677	\$ (2,171,042)

The prior period corrections to net position relate to property taxes, an adjustment to cash, and depreciation expense incorrectly recorded in fiscal year 2018. The prior period corrections to fund balance relate to stale dated checks and reversions to PED that should have been recorded in previous periods.

Additionally, opening cash and deferred inflows were restated to reflect funds held by Taos County, see Note 13.

**NOTE 17. SUBSEQUENT EVENTS**

On August 23, 2019 the District issued the General Obligation Refunding Bonds Issue-Series 2019 in the amount of \$1,417,995. The proceeds of the bonds will be used to advance refund the 2009 General Obligation Bond Issue. The District anticipates a net present value savings of \$146,780 from this transaction. In addition, the District also issued (on August 23, 2019) Education Technology notes totaling \$273,048. The notes are expected to be paid off in semi-annual installments commencing February 1, 2020 and ending August 31, 2024.

**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)**

**STATE OF NEW MEXICO  
PENASCO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN  
LAST 10 FISCAL YEARS\* (UNAUDITED)**

Fiscal Year Measurement Date	<b>2019 2018</b>	2018 2017	2017 2016	2016 2015	2015 2014
District's proportion of the net pension liability	<b>0.10856%</b>	0.10374%	0.10906%	0.11208%	0.11898%
District's proportionate share of the net pension liability	<b>\$12,909,229</b>	\$11,529,112	\$ 7,848,430	\$ 7,169,686	\$ 6,788,670
District's covered employee payroll	<b>\$ 3,884,856</b>	\$ 3,154,616	\$ 3,156,209	\$ 2,948,595	\$ 3,279,423
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	<b>332%</b>	365%	249%	243%	207%
Plan fiduciary net position as a percentage of total pension liability	<b>52.17%</b>	52.95%	61.58%	63.97%	66.54%

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

**STATE OF NEW MEXICO  
PENASCO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS  
EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN  
LAST 10 FISCAL YEARS\* (UNAUDITED)**

	June 30,				
	<u>2019</u>	2018	2017	2016	2015
Contractually required contributions	<b>\$ 418,495</b>	\$ 415,230	\$ 410,214	\$ 442,848	\$ 431,339
Contributions in relation to contractually required contributions	<b><u>\$ 418,495</u></b>	<u>\$ 415,230</u>	<u>\$ 410,214</u>	<u>\$ 442,848</u>	<u>\$ 431,339</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	<b>\$ 3,884,856</b>	\$ 3,154,616	\$ 3,156,209	\$ 2,948,595	\$ 3,279,423
Contributions as a percentage of covered employee payroll	<b>10.77%</b>	13.16%	13.00%	15.02%	13.15%

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

**STATE OF NEW MEXICO  
PENASCO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY  
RETIREE HEALTH CARE AUTHORITY (RHCA) OPEB PLAN  
LAST 10 FISCAL YEARS\* (UNAUDITED)**

	Fiscal Year Measurement Date	<b>2019 2018</b>	2018 2017
		<u>          </u>	<u>          </u>
District's proportion of the net OPEB liability		<b>0.08731%</b>	0.05061%
District's proportionate share of the net OPEB liability		<b>\$ 3,796,549</b>	\$ 2,293,480
District's covered employee payroll		<b>\$ 3,746,137</b>	\$ 2,108,234
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll		<b>101.35%</b>	108.79%
RHCA Plan fiduciary net position as a percentage of the total pension liability		<b>13.14%</b>	11.34%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District will present information for available years. Complete information for the District is not available prior to 2018, the year the statement's requirements became effective.

**STATE OF NEW MEXICO  
PENASCO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS  
RETIREE HEALTH CARE AUTHORITY (RHCA) OPEB PLAN  
LAST 10 FISCAL YEARS\* (UNAUDITED)**

	June 30,	
	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ <b>136,436</b>	\$ 160,711
Contributions in relation to the contractually required	<u>\$ <b>134,771</b></u>	<u>\$ 80,659</u>
District's proportion of the net OPEB liability	<u>\$ <b>1,665</b></u>	<u>\$ 80,052</u>
Employer's covered-employee payroll	\$ <b>3,746,137</b>	\$ 2,108,234
Contributions as a percentage of covered employee payroll	<b>3.60%</b>	3.83%

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School will present information for available years. Complete information for the District is not available prior to fiscal year 2018, the year the statement's requirements became effective.



**STATE OF NEW MEXICO  
PENASCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)  
JUNE 30, 2019**

**ERB PLAN**

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

***Changes in assumptions and methods.*** There were no modifications to the actuarial assumptions and methods reflected in the actuarial valuation at June 30, 2018.

**RHCA PLAN**

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

***Changes in assumptions and methods.*** The actuary removed 4,010 members that were deemed participants of non-participating employers. There were no other modifications to the assumptions and methods that were reflected in the actuarial valuation at June 30, 2018.

**SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO**  
**PEÑASCO INDEPENDENT SCHOOL DISTRICT**  
**NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS**  
**JUNE 30, 2019**

**SPECIAL REVENUE FUNDS**

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

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

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

**Fruits and Vegetables (24118)** –To assist States, through cash grants, in providing free fresh fruits and vegetables to school children in designated participating schools beginning in school year 2004/2005. Authorized by National School Lunch Act, as amended, 42 U.S.C. 1769.

**The Teacher/Principal Training Fund (24154)** - Used to provide grants to State Education Agencies (SEAs) on a formula basis to increase student academic achievement through strategies such as improving teacher and principle quality and increasing the number of highly qualified teachers in the classroom and highly qualified principles and assistant principals in schools. Authorization is granted through the Elementary and Secondary Education Act of 1965, as amended, Title II, Part A, Public Law 107-110.

**Vocational Education (24171)** – The objective is to provide secondary and post-secondary educational institutes the opportunity to develop, implement, and operate programs using different models of curriculum that integrate vocational and academic learning.

**Carl D Perkins Secondary – Redistribution Fund (24176)** - The redistribution unused portion of Carl D. Perkins funds. The objective is to provide secondary education institutions the opportunity to develop, implement, and operate programs using different models of curricula that integrate vocation and academic learning. The purpose of Perkins is to provide individuals with the academic and technical skills needed to succeed in a knowledge- and skills-based economy. Perkins supports career and technical education that prepares its students both for postsecondary education and the careers of their choice.

**Student Support & Academic Enrichment (24189)** – To provide students with access to well-rounded educational opportunities, support safe and healthy students, and use of technology.

**Impact Aid Special Education (25145) and Indian Education (25147)** – To provide funding for instructions of Indian children of all grades who require special instruction in addition to basic programs. Authorization is Public Law 81-874.

**STATE OF NEW MEXICO  
PEÑASCO INDEPENDENT SCHOOL DISTRICT  
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS  
JUNE 30, 2019**

**SPECIAL REVENUE FUNDS (CONTINUED)**

**Title XIX Medicaid (25153)** – To provide school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children. (P.L. 105-33)

**Child & Adult Food Program (25171)** – To provide for instruction on proper nutrition for both children and adults.

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

**Gear Up NM State Initiatives (25205)** – Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) New Mexico is a seven-year initiative funded by the U.S. Department of Education and is a division of the New Mexico Higher Education Department.

**LANL Foundation (26113)** – To account for monies received from Los Alamos National Labs Foundation responding to the urgent needs in Northern New Mexico by assisting with small requests for community, cultural or educational projects. Authorization is the creation of the fund by PED and Authorization by the Foundation.

**Dual Credit Instructional Materials (27103)** – To provide instructional materials to be used for the dual credit course approved by Higher Education Department and through a college/District for which the District has an approved agreement.

**Library GO Bonds 2012 (27107)** – The Funds to be used for library books and library resources for public school libraries statewide. Senate Bill 66, Laws of 2012, 2nd Session, Chapter 54, Section 10.B(3).

**NM Reads to Lead (27114)** – Provides an aligned approach for districts and schools to ensure that children read by the end of the third grade – giving them essential skills for future career and college success. It also provides regional and district reading coaches, support for intervention and professional development for parents, teachers, reading coaches and administrators.

**Excellence in Teaching Awards (27125)** – Provides funding for one-time, non-recurring stipends to teachers earning the highest distinction on NMTECH.

**Truancy Initiative PED (27141)** – To hire three truancy and dropout prevention coaches.

**Pre-K Initiative (27149)** – To provide high quality Pre-K services that align to NM Pre-K standards to underserved 4-year-olds in the District. To expand early childhood educational capacity so that all families of 4-year-olds in the district who want to enroll their child in a high quality Pre-K program can do regardless of income or ethnicity.

**STATE OF NEW MEXICO  
PEÑASCO INDEPENDENT SCHOOL DISTRICT  
NONMAJOR GOVERNMENTAL FUND DESCRIPTIONS  
JUNE 30, 2019**

**SPECIAL REVENUE FUNDS (CONTINUED)**

**Indian Education Act (27150)** – To increase academic achievement and provide culturally relevant learning experiences for American Indian students, to establish collaborative partnerships that engage active participation of American Indian parents, students, tribes, community based organizations, universities, private sector and/or other entities who work with American Indian Students; to establish a parent community advisory committee to participate in the development of an Indigenous curriculum framework and the profile Indigenous best practices.

**Breakfast for Elementary Students (27155)** - The 2005 Legislative General Appropriations Act allocated \$475,000 to implement Breakfast in the Classroom for elementary schools in need of improvement based on 2004-2005 AYP designation.

**NM Arts Division (27166)** - To account for the grant activity from the New Mexico Arts, a division of the Office of cultural Affairs. Special Revenue Fund established by the local school board.

**After School Enrichment Program (27168)** – Provides support services for after-school programs.

**State Directed Activities Allocation IDEA-B (27200)** – To account for money given to the District to help pay for payroll expenses certain state directed activities.

**Private Direct Grants (29102)** – To account for private donations.

**CAPITAL PROJECTS FUNDS**

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

**Special Capital Outlay State (31400)** – To account for special appropriations monies received from the State of New Mexico under Chapter 4, Laws of 1996 for the purpose of upgrading the school facilities.

**Public School Capital Outlay – 20% (32100)** – A capital projects fund to capture the 20% of eligible federal (Forest Reserve and Impact Aid) and local revenue that must be budgeted in capital outlay. Provides financing for the construction and improvement of buildings and land and the purchase of equipment.

**STATE OF NEW MEXICO  
PENASCO INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2019**

	Special Revenue	Capital Projects	Debt Service	Total
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 199,324	\$ 226,340	\$ 210,638	\$ 636,302
Accounts receivable				
Taxes	-	28,469	66,053	94,522
Due from other governments	318,930	-	-	318,930
Other	-	-	-	-
Interfund receivables	-	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	14,517	-	-	14,517
<b>Total assets</b>	<b>\$ 532,771</b>	<b>\$ 254,809</b>	<b>\$ 276,691</b>	<b>\$ 1,064,271</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 9,428	32,555	\$ -	\$ 41,983
Accrued payroll liabilities	50,001	-	-	50,001
Interfund payables	244,913	-	-	244,913
<b>Total liabilities</b>	<b>304,342</b>	<b>32,555</b>	<b>-</b>	<b>336,897</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes	-	25,000	60,000	85,000
<b>FUND BALANCES</b>				
Nonspendable	14,517	-	-	14,517
Restricted	213,912	197,254	216,691	627,857
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b>228,429</b>	<b>197,254</b>	<b>216,691</b>	<b>642,374</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 532,771</b>	<b>\$ 254,809</b>	<b>\$ 276,691</b>	<b>\$ 1,064,271</b>

**STATE OF NEW MEXICO  
PENASCO INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	Special Revenue	Capital Projects	Debt Service	Total
<b>REVENUES</b>				
Property taxes	\$ -	\$ 107,858	\$ 185,614	\$ 293,472
Revenue from local sources	84,458	-	-	84,458
State grants	257,864	-	-	257,864
Federal grants	826,688	-	-	826,688
Miscellaneous	11	-	-	11
Interest	-	-	57	57
<b>Total revenues</b>	<u>1,169,021</u>	<u>107,858</u>	<u>185,671</u>	<u>1,462,550</u>
<b>EXPENDITURES</b>				
Current				
Instruction	446,394	1,170	-	447,564
Support services				
Students	295,634	-	-	295,634
Instruction	96,990	-	-	96,990
General administration	35,584	1,109	1,918	38,611
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	8,796	-	-	8,796
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	299,617	-	-	299,617
Community services	2,974	-	-	2,974
Capital outlay	-	289,586	-	289,586
Debt service				
Principal	-	-	110,000	110,000
Interest	-	-	70,578	70,578
<b>Total expenditures</b>	<u>1,185,989</u>	<u>291,865</u>	<u>182,496</u>	<u>1,660,350</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(16,968)</u>	<u>(184,007)</u>	<u>3,175</u>	<u>(197,800)</u>
<b>Other financing sources</b>				
Bond premium	-	-	-	-
Proceeds from bond issues	-	-	-	-
<b>Total other financing sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net changes in fund balances</b>	<u>(16,968)</u>	<u>(184,007)</u>	<u>3,175</u>	<u>(197,800)</u>
Fund balances, beginning of year	243,198	381,241	213,516	837,955
Restatement	2,199	20	-	2,219
Fund balances, beginning of year	<u>245,397</u>	<u>381,261</u>	<u>213,516</u>	<u>840,174</u>
<b>Fund balances, end of year</b>	<u>\$ 228,429</u>	<u>\$ 197,254</u>	<u>\$ 216,691</u>	<u>\$ 642,374</u>

See Accompanying Notes.

**STATE OF NEW MEXICO  
PENASCO INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET -  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2019**

	21000	22000	24106	24109	24118
	Food Service	Athletics	IDEA-B Entitlement	IDEA-B Preschool	Fresh Fruits & Vegetables
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 44,829	\$ 3,669	\$ -	\$ -	\$ -
Accounts receivable					
Taxes	-	-	-	-	-
Due from other governments	26,836	-	21,386	1,575	681
Other	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Inventory	14,517	-	-	-	-
<b>Total assets</b>	<b>\$ 86,182</b>	<b>\$ 3,669</b>	<b>\$ 21,386</b>	<b>\$ 1,575</b>	<b>\$ 681</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
<b>Current Liabilities</b>					
Accounts payable	\$ 8,734	\$ 225	\$ -	\$ -	\$ -
Accrued payroll liabilities	6,130	-	3,959	-	-
Interfund payables	-	-	17,427	1,575	681
<b>Total liabilities</b>	<b>14,864</b>	<b>225</b>	<b>21,386</b>	<b>1,575</b>	<b>681</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes	-	-	-	-	-
<b>FUND BALANCES</b>					
Nonspendable	14,517	-	-	-	-
Restricted	56,801	3,444	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>71,318</b>	<b>3,444</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 86,182</b>	<b>\$ 3,669</b>	<b>\$ 21,386</b>	<b>\$ 1,575</b>	<b>\$ 681</b>

See Accompanying Notes.



**STATE OF NEW MEXICO  
PENASCO INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET -  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
JUNE 30, 2019**

	24154 Teacher/Principal Training & Recruiting	24171 Vocational Education	24176 Carl D. Perkins Secondary Redistribution	24189 Student Support & Academic Enrichment	25145 Impact Aid Special Education
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 28,965
Accounts receivable					
Taxes	-	-	-	-	-
Due from other governments	22,623	5,445	-	2,819	-
Other	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Inventory	-	-	-	-	-
<b>Total assets</b>	<u>\$ 22,623</u>	<u>\$ 5,445</u>	<u>\$ -</u>	<u>\$ 2,819</u>	<u>\$ 28,965</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
<b>Current Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	-	-
Interfund payables	22,623	5,445	-	2,819	-
<b>Total liabilities</b>	<u>22,623</u>	<u>5,445</u>	<u>-</u>	<u>2,819</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes	-	-	-	-	-
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	28,965
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,965</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 22,623</u>	<u>\$ 5,445</u>	<u>\$ -</u>	<u>\$ 2,819</u>	<u>\$ 28,965</u>

See Accompanying Notes.

**STATE OF NEW MEXICO  
PENASCO INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET -  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
JUNE 30, 2019**

	25147 Impact Aid Indian Education	25153 Title XIX Medicaid	25171 Child & Adult Food Program	25184 Indian Ed Formula Grant	25205 Gear Up New Mexico State Initiative
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 1,139	\$ 116,623	\$ -	\$ 3,352	\$ -
Accounts receivable					
Taxes	-	-	-	-	-
Due from other governments	-	6,120	-	-	95,727
Other	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Inventory	-	-	-	-	-
<b>Total assets</b>	<u>\$ 1,139</u>	<u>\$ 122,743</u>	<u>\$ -</u>	<u>\$ 3,352</u>	<u>\$ 95,727</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
<b>Current Liabilities</b>					
Accounts payable	\$ -	\$ 410	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	2,810	-	-	22,618
Interfund payables	-	-	-	-	73,109
<b>Total liabilities</b>	<u>-</u>	<u>3,220</u>	<u>-</u>	<u>-</u>	<u>95,727</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes	-	-	-	-	-
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	1,139	119,523	-	3,352	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<u>1,139</u>	<u>119,523</u>	<u>-</u>	<u>3,352</u>	<u>-</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 1,139</u>	<u>\$ 122,743</u>	<u>\$ -</u>	<u>\$ 3,352</u>	<u>\$ 95,727</u>

See Accompanying Notes.

**STATE OF NEW MEXICO  
PENASCO INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET -  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
JUNE 30, 2019**

	26113 LANL Foundation	27103 Dual Credit Instructional Materials	27107 2012 GO Bonds - Student Library Fund	27114 New Mexico Reads to Lead	27125 Excellence in Teaching Awards
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 59	\$ -	\$ -	\$ -	\$ -
Accounts receivable					
Taxes	-	-	-	-	-
Due from other governments	-	337	7,317	29,844	-
Other	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Inventory	-	-	-	-	-
<b>Total assets</b>	<u>\$ 59</u>	<u>\$ 337</u>	<u>\$ 7,317</u>	<u>\$ 29,844</u>	<u>\$ -</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
<b>Current Liabilities</b>					
Accounts payable	\$ 59	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	-	-	-	2,067	-
Interfund payables	-	337	7,317	27,777	-
<b>Total liabilities</b>	<u>59</u>	<u>337</u>	<u>7,317</u>	<u>29,844</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes	-	-	-	-	-
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 59</u>	<u>\$ 337</u>	<u>\$ 7,317</u>	<u>\$ 29,844</u>	<u>\$ -</u>

See Accompanying Notes.

**STATE OF NEW MEXICO  
PENASCO INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET -  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
JUNE 30, 2019**

	27141 Truancy Initiative PED	27149 PreK Initiative	27150 Indian Education Act	27155 Breakfast for Elementary Students	27166 Kindergarten - Three Plus
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable					
Taxes	-	-	-	-	-
Due from other governments	24,604	37,260	9,011	-	-
Other	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Prepaid expenditures	-	-	-	-	-
Inventory	-	-	-	-	-
<b>Total assets</b>	<u>\$ 24,604</u>	<u>\$ 37,260</u>	<u>\$ 9,011</u>	<u>\$ -</u>	<u>\$ -</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
<b>Current Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll liabilities	4,907	5,700	634	-	-
Interfund payables	19,697	31,560	8,377	-	-
<b>Total liabilities</b>	<u>24,604</u>	<u>37,260</u>	<u>9,011</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes	-	-	-	-	-
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 24,604</u>	<u>\$ 37,260</u>	<u>\$ 9,011</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes.

**STATE OF NEW MEXICO  
PENASCO INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET -  
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
JUNE 30, 2019**

	27168 After School Enrichment Program	27200 State Directed Activities	29102 Private Direct Grants (Categorical)	Total
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 688	\$ 199,324
Accounts receivable				-
Taxes	-	-	-	-
Due from other governments	27,345	-	-	318,930
Other	-	-	-	-
Interfund receivables	-	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	14,517
<b>Total assets</b>	<u>\$ 27,345</u>	<u>\$ -</u>	<u>\$ 688</u>	<u>\$ 532,771</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 9,428
Accrued payroll liabilities	1,176	-	-	50,001
Interfund payables	26,169	-	-	244,913
<b>Total liabilities</b>	<u>27,345</u>	<u>-</u>	<u>-</u>	<u>304,342</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes	-	-	-	-
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	14,517
Restricted	-	-	688	213,912
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total fund balances</b>	<u>-</u>	<u>-</u>	<u>688</u>	<u>228,429</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 27,345</u>	<u>\$ -</u>	<u>\$ 688</u>	<u>\$ 532,771</u>

**STATE OF NEW MEXICO  
PENASCO INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	21000	22000	24106	24109
	Food Service	Athletics	IDEA-B Entitlement	IDEA-B Preschool
<b>REVENUES</b>				
Property taxes	\$ -	\$ -		\$ -
Revenue from local sources	4,737	71,281	-	-
State grants	-	-	-	-
Federal grants	246,511	-	97,950	4,145
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<b>Total revenues</b>	<u>251,248</u>	<u>71,281</u>	<u>97,950</u>	<u>4,145</u>
<b>EXPENDITURES</b>				
Current				
Instruction	-	69,722	50,610	1,714
Support services				
Students	-	-	41,630	2,359
Instruction	-	-	-	-
General administration	-	-	5,710	72
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	284,449	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>284,449</u>	<u>69,722</u>	<u>97,950</u>	<u>4,145</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(33,201)</u>	<u>1,559</u>	<u>-</u>	<u>-</u>
<b>Other financing sources</b>				
Operating transfers	-	-	-	-
<b>Total other financing sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net changes in fund balances</b>	<u>(33,201)</u>	<u>1,559</u>	<u>-</u>	<u>-</u>
Fund balances, begin of year, as originally reported	104,045	(492)	-	-
Restatement	474	2,377	-	-
Fund balances, beginning of year, as restated	<u>104,519</u>	<u>1,885</u>	<u>-</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 71,318</u>	<u>\$ 3,444</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes.

**STATE OF NEW MEXICO**  
**PENASCO INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	24118 Fresh Fruits & Vegetables	24154 Teacher/Principal Training & Recruiting	24171 Vocational Education	24176 Carl D. Perkins Secondary Redistribution
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Revenue from local sources	-	-	-	-
State grants	-	-	-	-
Federal grants	9,904	27,835	5,445	4,544
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<b>Total revenues</b>	<u>9,904</u>	<u>27,835</u>	<u>5,445</u>	<u>4,544</u>
<b>EXPENDITURES</b>				
Current				
Instruction	-	25,921	5,445	4,544
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	1,914	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	9,904	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>9,904</u>	<u>27,835</u>	<u>5,445</u>	<u>4,544</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources</b>				
Operating transfers	-	-	-	-
<b>Total other financing sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net changes in fund balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, begin of year, as originally reported	-	-	-	-
Restatement	-	-	-	-
Fund balances, beginning of year, as restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes.

**STATE OF NEW MEXICO**  
**PENASCO INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	24189	25145	25147	25153
	Student Support & Academic Enrichment	Impact Aid Special Education	Impact Aid Indian Education	Title XIX Medicaid
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Revenue from local sources	-	-	-	-
State grants	-	-	-	-
Federal grants	4,720	10,543	7,472	73,873
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<b>Total revenues</b>	<u>4,720</u>	<u>10,543</u>	<u>7,472</u>	<u>73,873</u>
<b>EXPENDITURES</b>				
Current				
Instruction	4,720	1,377	6,333	-
Support services				
Students	-	4,909	-	64,197
Instruction	-	-	-	-
General administration	-	342	-	1,885
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>4,720</u>	<u>6,628</u>	<u>6,333</u>	<u>66,082</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>-</u>	<u>3,915</u>	<u>1,139</u>	<u>7,791</u>
<b>Other financing sources</b>				
Operating transfers	-	-	-	-
<b>Total other financing sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net changes in fund balances</b>	<u>-</u>	<u>3,915</u>	<u>1,139</u>	<u>7,791</u>
Fund balances, begin of year, as originally reported	-	25,050	-	111,732
Restatement	-	-	-	-
Fund balances, beginning of year, as restated	<u>-</u>	<u>25,050</u>	<u>-</u>	<u>111,732</u>
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ 28,965</u>	<u>\$ 1,139</u>	<u>\$ 119,523</u>

See Accompanying Notes.



**STATE OF NEW MEXICO**  
**PENASCO INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	25171 Child & Adult Food Program	25184 Indian Ed Formula Grant	25205 Gear Up New Mexico State Initiative	26113 LANL Foundation
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Revenue from local sources	-	-	-	2,500
State grants	-	-	-	-
Federal grants	-	6,967	326,779	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>6,967</u>	<u>326,779</u>	<u>2,500</u>
<b>EXPENDITURES</b>				
Current				
Instruction	214	3,616	100,118	2,500
Support services				
Students	-	-	115,688	-
Instruction	-	-	89,673	-
General administration	-	-	18,326	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Community services	-	-	2,974	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>214</u>	<u>3,616</u>	<u>326,779</u>	<u>2,500</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(214)</u>	<u>3,351</u>	<u>-</u>	<u>-</u>
<b>Other financing sources</b>				
Operating transfers	-	-	-	-
<b>Total other financing sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net changes in fund balances</b>	<u>(214)</u>	<u>3,351</u>	<u>-</u>	<u>-</u>
Fund balances, begin of year, as originally reported	214	1	-	641
Restatement	-	-	-	(641)
Fund balances, beginning of year, as restated	<u>214</u>	<u>1</u>	<u>-</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ 3,352</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes.

**STATE OF NEW MEXICO**  
**PENASCO INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	27103 Dual Credit Instructional Materials	27107 2012 GO Bonds - Student Library Fund	27114 New Mexico Reads to Lead	27125 Excellence in Teaching Awards
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Revenue from local sources	-	-	-	-
State grants	3,864	7,317	55,828	21,530
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<b>Total revenues</b>	<u>3,864</u>	<u>7,317</u>	<u>55,828</u>	<u>21,530</u>
<b>EXPENDITURES</b>				
Current				
Instruction	3,864	-	52,574	21,530
Support services				
Students	-	-	-	-
Instruction	-	7,317	-	-
General administration	-	-	3,254	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>3,864</u>	<u>7,317</u>	<u>55,828</u>	<u>21,530</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources</b>				
Operating transfers	-	-	-	-
<b>Total other financing sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net changes in fund balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, begin of year, as originally reported	-	-	-	-
Restatement	-	-	-	-
Fund balances, beginning of year, as restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes.

**STATE OF NEW MEXICO**  
**PENASCO INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	27141 Truancy Initiative PED	27149 PreK Initiative	27150 Indian Education Act	27155 Breakfast for Elementary Students
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Revenue from local sources	-	-	-	-
State grants	50,981	70,781	9,011	5,264
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<b>Total revenues</b>	<u>50,981</u>	<u>70,781</u>	<u>9,011</u>	<u>5,264</u>
<b>EXPENDITURES</b>				
Current				
Instruction	-	61,284	9,011	-
Support services				
Students	50,981	-	-	-
Instruction	-	-	-	-
General administration	-	701	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	8,796	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	5,264
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>50,981</u>	<u>70,781</u>	<u>9,011</u>	<u>5,264</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other financing sources</b>				
Operating transfers	-	-	-	-
<b>Total other financing sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net changes in fund balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, begin of year, as originally reported	-	-	-	-
Restatement	-	-	-	-
Fund balances, beginning of year, as restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes.

**STATE OF NEW MEXICO**  
**PENASCO INDEPENDENT SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -**  
**NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	27166 Kinder- garten - Three Plus	27168 After School Enrichment Program	27200 State Directed Activities	29102 Private Direct Grants (Categorical)	Total
<b>REVENUES</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue from local sources	-	-	-	5,940	84,458
State grants	-	33,288	-	-	257,864
Federal grants	-	-	-	-	826,688
Miscellaneous	11	-	-	-	11
Interest	-	-	-	-	-
<b>Total revenues</b>	<u>11</u>	<u>33,288</u>	<u>-</u>	<u>5,940</u>	<u>1,169,021</u>
<b>EXPENDITURES</b>					
Current					
Instruction	-	17,418	2,007	1,872	446,394
Support services					
Students	-	15,870	-	-	295,634
Instruction	-	-	-	-	96,990
General administration	-	-	-	3,380	35,584
School administration	-	-	-	-	-
Central services	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	8,796
Other support services	-	-	-	-	-
Operation of non-instructional services					
Food services operations	-	-	-	-	299,617
Community services	-	-	-	-	2,974
Capital outlay	-	-	-	-	-
Debt service					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>33,288</u>	<u>2,007</u>	<u>5,252</u>	<u>1,185,989</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>11</u>	<u>-</u>	<u>(2,007)</u>	<u>688</u>	<u>(16,968)</u>
<b>Other financing sources</b>					
Operating transfers	-	-	-	-	-
<b>Total other financing sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net changes in fund balances</b>	<u>11</u>	<u>-</u>	<u>(2,007)</u>	<u>688</u>	<u>(16,968)</u>
Fund balances, begin of year, as originally reported	-	-	2,007	-	243,198
Restatement	(11)	-	-	-	2,199
Fund balances, beginning of year, as restated	<u>(11)</u>	<u>-</u>	<u>2,007</u>	<u>-</u>	<u>245,397</u>
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 688</u>	<u>\$ 228,429</u>

See Accompanying Notes.

**STATE OF NEW MEXICO  
PENASCO INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET -  
NONMAJOR CAPITAL PROJECT FUNDS  
JUNE 30, 2019**

	<u>31400</u>	<u>31701</u>	<u>32100</u>	<u>Total</u>
	Special Capital Outlay	Capital Improvements SB-9	Public School Capital Outlay - 20%	
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 62,967	\$ 163,373	\$ -	\$ 226,340
Accounts receivable				
Taxes	-	28,469	-	28,469
Due from other governments	-	-	-	-
Other	-	-	-	-
Interfund receivables	-	-	-	-
Prepaid expenditures	-	-	-	-
Inventory	-	-	-	-
<b>Total assets</b>	<u>\$ 62,967</u>	<u>\$ 191,842</u>	<u>\$ -</u>	<u>\$ 254,809</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ -	\$ 32,555	\$ -	\$ 32,555
Accrued payroll liabilities	-	-	-	-
Interfund payables	-	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>32,555</u>	<u>-</u>	<u>32,555</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes	-	25,000	-	25,000
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	62,967	134,287	-	197,254
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total fund balances</b>	<u>62,967</u>	<u>134,287</u>	<u>-</u>	<u>197,254</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 62,967</u>	<u>\$ 191,842</u>	<u>\$ -</u>	<u>\$ 254,809</u>

See Accompanying Notes.

**STATE OF NEW MEXICO  
PENASCO INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
NONMAJOR CAPITAL PROJECT FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	31400 Special Capital Outlay	31701 Capital Improvements SB-9	32100 Public School Capital Outlay - 20%	Total
<b>REVENUES</b>				
Property taxes	\$ -	\$ 107,858	\$ -	\$ 107,858
Investment income	-	-	-	-
Revenue from local sources	-	-	-	-
State grants	-	-	-	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Interest	-	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>107,858</u>	<u>-</u>	<u>107,858</u>
<b>EXPENDITURES</b>				
Current				
Instruction	-	-	1,170	1,170
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	1,109	-	1,109
School administration	-	-	-	-
Central services	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Operation of non-instructional services				
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	289,586	-	289,586
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>290,695</u>	<u>1,170</u>	<u>291,865</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>-</u>	<u>(182,837)</u>	<u>(1,170)</u>	<u>(184,007)</u>
<b>Other financing sources</b>				
Operating transfers	-	-	-	-
<b>Total other financing sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net changes in fund balances</b>	-	(182,837)	(1,170)	(184,007)
Fund balances, beginning of year	62,967	317,104	1,170	381,241
Restatement	-	20	-	20
<b>Fund balances, end of year</b>	<u>\$ 62,967</u>	<u>\$ 134,287</u>	<u>\$ -</u>	<u>\$ 197,254</u>

See Accompanying Notes.

STATE OF NEW MEXICO  
PENASCO INDEPENDENT SCHOOL DISTRICT  
COMBINING BALANCE SHEET -  
NONMAJOR DEBT SERVICE FUNDS  
JUNE 30, 2019

	41000 Debt Service <hr/>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 210,638
Accounts receivable	
Taxes	66,053
Due from other governments	-
Other	-
Interfund receivables	-
Prepaid expenditures	-
Inventory	-
<hr/>	
<b>Total assets</b>	<b>\$ 276,691</b> <hr/> <hr/>
 <b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	
<b>Current Liabilities</b>	
Accounts payable	\$ -
Accrued payroll liabilities	-
Interfund payables	-
<hr/>	
<b>Total Liabilities</b>	<b>-</b> <hr/> <hr/>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Property taxes	<hr/> 60,000
 <b>FUND BALANCES</b>	
Nonspendable	-
Restricted	216,691
Committed	-
Assigned	-
Unassigned	-
<hr/>	
<b>Total fund balances</b>	<b>216,691</b> <hr/> <hr/>
 <b>Total liabilities, deferred inflows and fund balances</b>	 <b>\$ 276,691</b> <hr/> <hr/>

**STATE OF NEW MEXICO  
PENASCO INDEPENDENT SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
NONMAJOR DEBT SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	41000 Debt Service
<b>REVENUES</b>	
Property taxes	\$ 185,614
Investment income	-
Revenue from local sources	-
State grants	-
Federal grants	-
Miscellaneous	-
Interest	57
<b>Total revenues</b>	<b>185,671</b>
<b>EXPENDITURES</b>	
Current	
Instruction	-
Support services	
Students	-
Instruction	-
General administration	1,918
School administration	-
Central services	-
Operation and maintenance of plant	-
Student transportation	-
Other support services	-
Operation of non-instructional services	
Food services operations	-
Community services	-
Capital outlay	-
Debt service	
Principal	110,000
Interest	70,578
<b>Total expenditures</b>	<b>182,496</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>3,175</b>
<b>Other financing sources</b>	
Operating transfers	-
<b>Total other financing sources</b>	<b>-</b>
<b>Net changes in fund balances</b>	<b>3,175</b>
Fund balances, beginning of year	213,516
<b>Fund balances, end of year</b>	<b>\$ 216,691</b>

See Accompanying Notes.



**OTHER SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO**  
**PENASCO INDEPENDENT SCHOOL DISTRICT**  
**SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES -**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>June 30, 2019</u>
Elementary School	\$ 54,923	\$ 23,937	\$ (17,826)	\$ -	\$ 61,034
Junior High School	58,033	23,653	(26,102)	-	55,584
Primeros Pasos Pre-K	<u>2,461</u>	<u>-</u>	<u>(2,111)</u>	<u>-</u>	<u>350</u>
<b>Totals</b>	<u>\$ 115,417</u>	<u>\$ 47,590</u>	<u>\$ (46,039)</u>	<u>\$ -</u>	<u>\$ 116,968</u>
<b>Total agency assets</b>					<u>\$ 116,968</u>
Accounts payable					\$ -
Due to student organizations					<u>116,968</u>
<b>Total agency liabilities</b>					<u>\$ 116,968</u>

**STATE OF NEW MEXICO  
PENASCO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF COLLATERAL PLEDGED BY  
DEPOSITORY FOR PUBLIC FUNDS  
JUNE 30, 2019**

Name of Depository	Description of Pledged Collateral	Type	Maturity	CUSIP Number	Fair Market Value June 30,2019
<b>Centinel Bank of Taos</b>					
	Grants & Cibola Cntys	Bond	10/01/27	388240JB0	<b>65,000</b>
	Clovis Sch Dist, 2.00%	Bond	08/01/25	189414JQ9	<b>300,000</b>
	Jemez Sch Dist GO, 1.90%	Bond	08/01/23	475868EG6	<b>210,000</b>
	Ruidoso SD #3, 1.40%	Bond	08/01/20	781338JD1	<b>125,000</b>
	Ruidoso NM Muni Sch Dist, 4.40%	Bond	08/01/25	781338KZ0	<b>110,000</b>
	Espanola SD #55, 1.45%	Bond	09/01/25	29662RAW8	<b>270,000</b>
	<b>Total Centinel Bank of Taos</b>				<b><u>1,080,000</u></b>
Name and location of safe keeper for above pledged collateral:					
Centinel Bank of Taos					
	<b>Total pledged collateral</b>				<b><u>\$ 1,080,000</u></b>

STATE OF NEW MEXICO  
PENASCO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS  
JUNE 30, 2019

Bank Account Type	Account Type	Centinel Bank of Taos	BOK Financial Investments	Total
Activity	Checking	\$ 128,551	\$ -	\$ 128,551
Payroll	Checking	-	-	-
Operational	Checking	756,922	-	756,922
GRT escrow	Investment	-	1,016,436	1,016,436
<b>Total deposits</b>		885,473	1,016,436	1,901,909
Reconciling Items		(96,988)	-	(96,988)
<b>Reconciled Balance, June 30, 2019</b>		<u>\$ 788,485</u>	<u>\$ 1,016,436</u>	1,804,921
Plus: Held checks				-
Plus: Petty cash				-
Less: Fiduciary Funds Cash				<u>(116,968)</u>
Cash and Investments per Government-Wide Financial Statements				<u>\$ 1,687,953</u>
Cash and temporary investments				\$ 234,539
Restricted cash				<u>1,453,414</u>
				<u>\$ 1,687,953</u>

**STATE OF NEW MEXICO  
PENASCO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF CASH RECONCILIATION  
FOR THE YEAR ENDED JUNE 30, 2019**

	11000	13000	14000	21000
	Operational Fund	Transportation Fund	Instructional Materials Fund	Food Services Fund
Cash, June 30, 2018	\$ 29,376	\$ 19,350	\$ 7,379	\$ 101,092
Add:				
2018-19 revenues	3,884,799	254,562	11,444	229,771
Permanent cash transfers	-	-	-	-
Prior Year Warrants Voided	1,894	-	-	474
	<u>3,916,069</u>	<u>273,912</u>	<u>18,823</u>	<u>331,337</u>
Total cash available				
Less:				
2018-19 expenditures	(3,957,825)	(264,196)	(1,948)	(285,304)
Payroll liabilities	(32,608)	813	-	(1,204)
Loans to other funds	82,175	-	-	-
	<u>82,175</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash, June 30, 2019</b>	<u>\$ 7,811</u>	<u>\$ 10,529</u>	<u>\$ 16,875</u>	<u>\$ 44,829</u>
<b>Reconciliation of cash balances reported to the NM Public Education Department</b>				
Cash, June 30, 2019 per financial statements	\$ 7,811	\$ 10,529	\$ 16,875	\$ 44,829
Reverse held checks	-	-	-	-
Add back cash loans to other funds	401,806	-	-	-
Reverse cash loans received from other funds	(328,696)	-	-	-
	<u>(328,696)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Cash per NM PED Cash Report</b>	<u>\$ 80,921</u>	<u>\$ 10,529</u>	<u>\$ 16,875</u>	<u>\$ 44,829</u>

**STATE OF NEW MEXICO  
PENASCO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF CASH RECONCILIATION (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019**

	22000	24000	25000	26000
	Athletics Fund	Federal Flow Through	Federal Direct	Local Grants Fund
	_____	_____	_____	_____
Cash, June 30, 2018	\$ -	\$ -	\$ 139,087	\$ 641
Add:				
2018-19 revenues	71,281	56,593	425,634	2,500
Permanent cash transfers	-	-	(214)	(641)
Prior Year Warrants Voided	2,377	-	-	-
	_____	_____	_____	_____
Total cash available	73,658	56,593	564,507	2,500
Less:				
2018-19 expenditures	(69,989)	(56,593)	(409,652)	(2,500)
Payroll liabilities	-	-	(4,776)	-
Loans to other funds	-	-	-	-
	_____	_____	_____	_____
<b>Cash, June 30, 2019</b>	<u>\$ 3,669</u>	<u>\$ -</u>	<u>\$ 150,079</u>	<u>\$ -</u>
<b>Reconciliation of cash balances reported to the NM Public Education Department</b>				
Cash, June 30, 2019 per financial statements	\$ 3,669	\$ -	\$ 150,079	\$ -
Reverse held checks	-	-	-	-
Add back cash loans to other funds	-	-	-	-
Reverse cash loans received from other funds	-	-	(73,110)	-
	_____	_____	_____	_____
<b>Cash per NM PED Cash Report</b>	<u>\$ 3,669</u>	<u>\$ -</u>	<u>\$ 76,969</u>	<u>\$ -</u>

**STATE OF NEW MEXICO  
PENASCO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF CASH RECONCILIATION (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019**

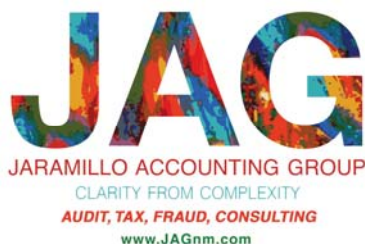
	27000 State Flow Through	29000 Local or State Fund	31100 Bond Building	31400 Public School Capital Outlay
Cash, June 30, 2018	\$ 2,022	\$ -	\$ (118,366)	\$ 42,967
Add:				
2018-19 revenues	257,875	5,940	156,839	20,000
Permanent cash transfers	(2,018)	-	-	-
Prior Year Warrants Voided	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total cash available	257,879	5,940	38,473	62,967
Less:				
2018-19 expenditures	(257,879)	(5,193)	(38,473)	-
Payroll liabilities	-	-	-	-
Loans to other funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Cash, June 30, 2019</b>	<u>\$ -</u>	<u>\$ 747</u>	<u>\$ -</u>	<u>\$ 62,967</u>
 <b>Reconciliation of cash balances reported to the NM Public Education Department</b>				
Cash, June 30, 2019 per financial statements	\$ -	\$ 747	\$ -	\$ 62,967
Reverse held checks	-	-	-	-
Add back cash loans to other funds	-	-	-	-
Reverse cash loans received from other funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Cash per NM PED Cash Report</b>	<u>\$ -</u>	<u>\$ 747</u>	<u>\$ -</u>	<u>\$ 62,967</u>

**STATE OF NEW MEXICO  
PENASCO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF CASH RECONCILIATION (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019**

	31701	32100	41000	
	Cap. Improv. SB9 (Local)	Cap. Improv. SB9 (State)	Debt Service Fund	Total
	_____	_____	_____	_____
Cash, June 30, 2018	\$ 323,575	\$ 1,169	\$ 207,377	\$ 755,669
Add:				
2018-19 revenues	107,392	-	185,696	5,670,326
Permanent cash transfers	-	(1,169)	-	(4,042)
Prior Year Warrants Voided	20	-	-	4,765
	_____	_____	_____	_____
Total cash available	430,987	-	393,073	6,426,718
Less:				
2018-19 expenditures	(267,614)	-	(182,435)	(5,799,601)
Payroll liabilities	-	-	-	(37,775)
Loans to other funds	-	-	-	82,175
	_____	_____	_____	_____
<b>Cash, June 30, 2019</b>	<u>\$ 163,373</u>	<u>\$ -</u>	<u>\$ 210,638</u>	<u>\$ 671,517</u>
<b>Reconciliation of cash balances reported to the NM Public Education Department</b>				
Cash, June 30, 2019 per financial statements	\$ 163,373	\$ -	\$ 210,638	\$ 671,517
Reverse held checks	-	-	-	-
Add back cash loans to other funds	-	-	-	401,806
Reverse cash loans received from other funds	-	-	-	(401,806)
	_____	_____	_____	_____
<b>Cash per NM PED Cash Report</b>	<u>\$ 163,373</u>	<u>\$ -</u>	<u>\$ 210,638</u>	<u>\$ 671,517</u>



**COMPLIANCE SECTION**



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

The Board of Education  
Peñasco Independent School District  
Peñasco, New Mexico and  
Mr. Brian Colón, Esq.  
New Mexico State Auditor  
Santa Fe, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons of the general fund and the major special revenue funds of the Peñasco Independent School District (the District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2019-001 that we consider to be a material weakness.

The Board of Education  
Peñasco Independent School District and  
Mr. Brian Colón, Esq.  
New Mexico State Auditor

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of non-compliance or other matters that is required to be reported under *Government Auditing Standards*.

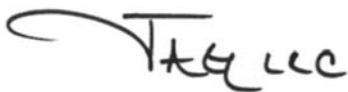
We noted certain matters that are required to be reported per Section 12-6-5 NMSA 1978 that we have described in the accompanying Schedule of Section 12-6-5 NMSA 1978 Findings as items 2019-002, 2019-003, and 2019-004.

### **District's Response to Findings**

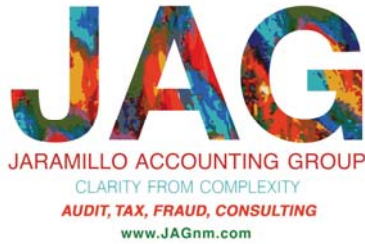
The District's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion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

### **Purpose of this Report**

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



Jaramillo Accounting Group LLC (JAG)  
Albuquerque, New Mexico  
November 4, 2019



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

The Board of Education  
Peñasco Independent School District  
Peñasco, New Mexico and  
Mr. Brian Colón, Esq.  
New Mexico State Auditor  
Santa Fe, New Mexico

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

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

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

The Board of Education  
Peñasco Independent School District and  
Mr. Brian Colón, Esq.  
New Mexico State Auditor

### Opinion on Each Major Federal Program

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

### Report on Internal Control Over Compliance

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

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance 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 a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material non-compliance 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Jaramillo Accounting Group LLC (JAG)  
Albuquerque, New Mexico  
November 4, 2019

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

Federal Grantor or Pass-Through Grantor/Program Title	Federal CFDA	Passthrough Number	Amounts Passed through to Subrecipients	Federal Expenditures
<b>U.S. Department of Education</b>				
<i>Pass-through State of New Mexico Public Education Department</i>				
Title I Grants to Local Educational Agencies	84.010	24101	-	260,612
<i>Special Education Cluster (IDEA)</i>				
Special Education - Grants to States	84.027	24106	-	97,950
Special Education - Preschool Grants	84.173	24109	-	4,144
<i>Special Education Cluster (IDEA) Total</i>			-	102,094
Supporting Effective Instruction State Grants	84.367	24154	-	27,835
Student Support and Academic Enrichment Program	84.424	24189	-	4,720
Career and Technical Education - Basic Grants to States	84.048	24171/24176	-	9,989
<i>Subtotal - Pass-through State of New Mexico Public Education Department</i>			-	405,250
<i>Pass-through State of New Mexico Higher Education Department</i>				
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	25205	-	326,779
Direct U.S. Department of Education				
Impact Aid	84.041	25145	-	66,740
<b>Total U.S. Department of Education</b>			-	798,769
<b>U.S. Department of Agriculture</b>				
Rural Development, Forestry, and Communities	10.672	11000	-	21,740
<i>Child Nutrition Cluster</i>				
<i>Pass-through State of New Mexico Public Education Department</i>				
Cash Assistance				
School Breakfast Program	10.553	21000	-	64,663
National School Lunch Program	10.555	21000	-	164,063
<i>Pass-through State of New Mexico Human Services Department</i>				
Non-Cash Assistance				
National School Lunch Program (Commodities)	10.555	21000	-	17,786
<i>Total Child Nutrition Cluster</i>			-	246,512
<i>Pass-through State of New Mexico Children, Youth and Families Department</i>				
Child and Adult Care Food Program	10.558	25171	-	214
<i>Pass-through State of New Mexico Public Education Department</i>				
Fresh Fruit and Vegetable Program	10.582	24118	-	9,904
<b>Total U.S. Department of Agriculture</b>			-	278,370
<b>U.S. Department of the Interior</b>				
Indian Education Assistance to Schools	15.130	25147	-	3,616
<b>Total U.S. Department of the Interior</b>			-	3,616
<b>Total Federal Financial Assistance</b>			<u>\$ -</u>	<u>\$ 1,080,755</u>

See Notes to Schedule of  
Expenditures of Federal Awards.

**STATE OF NEW MEXICO  
PENASCO INDEPENDENT SCHOOL DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019**

**NOTE 1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Penasco Independent Public Schools 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 Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform 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 or changes in financial position of the District.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is the same basis as was used to prepare the fund financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3. SUBRECIPIENTS**

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

**NOTE 4. NON-CASH FEDERAL ASSISTANCE**

The District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast program. Per USDA guidance (FPI-18-2), donated USDA commodities should be grouped with the National School Lunch Program and use the same CFDA number as the National School Lunch Program. The value of commodities received for the year ended June 30, 2019 was \$17,786. Commodities are recorded as revenues and expenditures in the Food Service fund.

**NOTE 5. INDIRECT COST RATE**

During the year ended June 30, 2019, the New Mexico Public Education Department reimbursed the District for indirect costs at 6.19%.

**NOTE 6. RECONCILIATION OF FEDERAL REVENUE TO FEDERAL EXPENDITURES**

Federal expenditures as reported on Schedule of Expenditure of Federal Awards	\$ 1,080,755
District as contractor relationship:	
Medicaid (Fund 25153)	73,873
Indirect cost recovery (Fund 11000)	18,668
Advance reimbursement grant (Impact Aid - Fund 25145)	3,915
Fund 25147	1,139
Fund 25184	3,351
Income received before expenditures (Fund 25171)	<u>(214)</u>
Federal revenue as reported in the financial statements	<u>\$ 1,181,487</u>

**STATE OF NEW MEXICO  
PEÑASCO INDEPENDENT SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2019**

**Financial Statement Findings**

2015-003	Inactive Funds	Resolved
2017-002	Accounts Receivable and Cash Management	Resolved
2017-005	Exceeded Budget Authority	Resolved

**Federal Award Findings**

None

**Section 12-6-5 NMSA 1978 Findings**

2015-001	Purchase Orders and Documentation	Revised and repeated
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STATE OF NEW MEXICO  
 PEÑASCO INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2019

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**SECTION I – SUMMARY OF AUDITOR’S RESULTS**

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**Financial Statements:**

- |  |            |
|--|------------|
| 1. Type of auditor’s report issued   | Unmodified |
| 2. Internal control over financial reporting:                                    |            |
| a. Material weakness identified?   | Yes        |
| b. Significant deficiencies identified not considered to be material weaknesses? | No         |
| c. Non-compliance material to financial statements noted?                        | No         |

**Federal Awards:**

- |   |            |
|---|------------|
| 1. Internal control over major programs:  |            |
| a. Material weakness identified?  | No         |
| b. Significant deficiencies identified not considered to be material weaknesses?                              | No         |
| 2. Type of auditor’s report issued on compliance for major programs   | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? | No         |
| 4. Identification of major programs:  |            |

<u>CFDA Number</u>	<u>Federal Program</u>
84.010	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between type A and type B programs: \$750,000

- |   |     |
|---|-----|
| 5. Auditee qualified as low-risk auditee? | Yes |
|---|-----|

**STATE OF NEW MEXICO  
PEÑASCO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

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**2019-001 FINANCIAL CLOSE AND REPORTING**

**TYPE OF FINDING:** Material Weakness

**CONDITION**

The New Mexico Finance Authority maintains loans with Taos County secured by Gross Receipts Taxes (GRT) collected in the County. Peñasco Independent School District was apportioned \$2,020,016 from the 2013 and 2018 issues. The funds are held in trust for the benefit of the District to accomplish specific capital activities. While it appears that the expenditures, and related revenues were captured in the District's financial statements, the residual funds (restricted cash) held in trust by the County in the amount of \$1,016,436 at June 30, 2019 were not incorporated into the District's financial records. These assets are available to use for projects within the District by written request for reimbursement. In addition, certain compliance requirements, such as the timely spending of allocated amounts are not tracked in the District's accounting system. Finally, due to errors in the prior year's financial statements, there were certain restatements of fund balance and net position as more fully described in Note 16 to the financial statements.

**CRITERIA**

There are several key underlying accounting standards to an organization designing and implementing an effective financial close and reporting process. Auditors are required to identify and communicate internal control weaknesses according to Statement on Auditing Standards (SAS) AU Section 325 Communication of Internal Control Related Matters Identified in an Audit, which includes:

- The general ledger serves as a control over the balance of the assets held in trust, and monthly reconciliation to the trust statements would ensure that all transactions are recorded timely and accurately.
- A system of internal control over the financial reporting does not stop at the general ledger; it includes controls over the presentation of the financial statements.
- Financial reporting is considered a significant process of internal control and should be performed by the District's staff or under the supervision of District's staff.

**EFFECT**

The District's account balances may not be reflected accurately, and the District has made itself more susceptible to the possibility of financial reporting or management decision errors. In addition, certain compliance requirements, such as timely spending of the allocated amounts were not detected through the District's system of internal control. Additionally, the cash in escrow from unspent proceeds were not included on the year-end cash report to the New Mexico Public Education Department.

**CAUSE**

While the District tracked the activities on an external spreadsheet, the unspent proceeds allocated to the District was not maintained in the General Ledger system, due to an oversight by personnel. Additionally, certain errors (cause unknown) were made in the prior year's financial close and reporting resulting in the restatement of opening balances.

**STATE OF NEW MEXICO  
PEÑASCO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019**

**SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)**

**2019-001 FINANCIAL CLOSE AND REPORTING (CONTINUED)**

**RECOMMENDATION**

We recommend that the District record the unspent proceeds of both issues and reconcile them to the external statement monthly. Also, the District needs to put controls in place to ensure that the funds are spent timely and other compliance areas of the GRT funds are followed. Finally, we recommend the year-end financial close and reporting process capture all balances and transactions in the correct period.

**MANAGEMENT RESPONSE**

**Corrective Action:** The Business Manager will record the unspent proceeds in the financial software once the audit has been released. The Assistant Business Manager will reconcile to the statement on a monthly basis and will be reviewed by the Business Manager.

**Due Date of Completion:** December 31, 2019

**Responsible Party:** Business Manager, Assistant Business Manager

STATE OF NEW MEXICO  
PEÑASCO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019

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SECTION III – FEDERAL AWARDS FINDINGS

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None

**STATE OF NEW MEXICO  
PEÑASCO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF SECTION 12-6-5 NMSA 1978 FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2019**

**2019-002 (PREVIOUSLY REPORTED AS 2015-001) PURCHASE ORDER AND DOCUMENTATION**

**TYPE OF FINDING:** Other Matter

**CONDITION**

During our testing of cash disbursements, we identified one instance (out of 40 items tested), where a requisition was issued, the items ordered and received and paid (\$2,176) before the purchase order was issued. The District made progress on this finding in fiscal year 2019. In fiscal year 2018, there were two instances out of 40 where the purchase order was issued after the good or service was paid for.

**CRITERIA**

Per District Purchasing Procedures and the New Mexico Manual of Procedures for Public School Accounting and Budgeting, Supplement 13 – Purchasing, “the preparation and execution of a duly authorized purchase order must precede the placement of any order for goods, services or construction.” Additionally, all receipts should clearly indicate the individual receiving the goods or service and sign on the document that the invoice is proper to pay with the receiver’s name and date.

**EFFECT**

Without thorough reviews and strong restrictions on access, there is an increased risk of unauthorized or inaccurate changes in the accounting records.

**CAUSE**

District personnel did not follow state guidelines or internal procedures in the purchase of this one item.

**RECOMMENDATION**

We recommend that all personnel be reminded of, or trained in, district and state policy regarding purchasing of goods, services, or construction.

**MANAGEMENT RESPONSE**

**Corrective Action:** The Finance Department has created the procedures document and communicated the PO approval process to staff during the annual staff orientation at beginning of school year. The Business Manager will add repercussions to the procedures document for not meeting this requirement by November 15 and the District will communicate this to the staff by November 30. These instances have decreased from the prior year.

**Due Date of Completion:** November 30, 2019

**Responsible Party:** Business Manager

**STATE OF NEW MEXICO  
PEÑASCO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF SECTION 12-6-5 NMSA 1978 FINDINGS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019**

**2019-003 SCHOOL PERSONNEL ACT – NON-COMPLIANCE**

**TYPE OF FINDING:** Other Matter

**CONDITION**

Contracts with certified school instructors were not executed within 10 days of commencement of school year. Twenty-four of the thirty-three certified staff tested had contracts signed after the commencement of the school year.

The District was non-compliant on two requirements of the School Personal Act:

- The District did not provide ESSA notification to parents.
- The District did not complete the required child abuse and neglect training.

**CRITERIA**

Section 22-10A-23(B) NMSA 1978 states: "Delivery of the written acceptance of reemployment by a certified school instructor creates a binding employment contract between the certified school instructor and the local Board or the governing authority of the state agency until the parties enter into a formal written employment contract. Written employment contracts between local school boards or governing authorities of state agencies and certified school instructors shall be executed by the parties not later than ten days before the first day of a school year."

Section 22-10-A-16 requires the District to issue a notice to parents that they may obtain information regarding the professional qualifications of their children's teachers, instructional support providers and school principals.

Section 22-10-A-32, Item A, requires that all licensed school employees be required to complete training in detection and reporting of child abuse and neglect, including sexual abuse and assault and substance abuse. This requirement shall be completed within the licensed school employees first year of employment by the District.

**EFFECT**

Not following the state statutes requiring timely, formal, written contracts with certified employees may negatively affect both the District's and employees' ability to perform their normal duties.

Failure to provide parents with information regarding the professional qualifications of instructional, and administrative staff is a violation of State law, and may impede the parents from gaining knowledge of the District's professional employees. Failure to provide training to new staff on child abuse and related issues may impede the District's staff from recognizing these situations.

**CAUSE**

District personnel did not follow state guidelines or internal policies regarding these issues.

**RECOMMENDATION**

We recommend that all personnel be reminded of, or trained in, district and state policy regarding execution of the contracts and these requirements.

**STATE OF NEW MEXICO  
PEÑASCO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF SECTION 12-6-5 NMSA 1978 FINDINGS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019**

**2019-003 SCHOOL PERSONNEL ACT – NON-COMPLIANCE (CONTINUED)**

**MANAGEMENT RESPONSE**

**Corrective Action:** The District will issue licensed employee contracts by the end of the prior school year. For new hires, contracts will be issued 10 days prior to their start date. For those who are not available to come to the district in person, an electronic process will be developed.

The District will provide the notice to parents of their right to know as per ESSA information regarding qualification, experience, and level of education of their child’s teaching staff within 60 days before the first day of the school year. In addition, the district will provide the information regarding parent’s right to opt out of standardized tests. In FY2020, the notifications have been released to the parents.

The District will review the employee’s records to identify those who have not received the training identified in item 2 and the employee will take the required training before the end of December 2019. For all new employees, the training will be required as part of their orientation process and be scheduled to take the training within 30 days of their start date.

**Due Date of Completion:** Immediately

**Responsible Party:** Payroll Clerk

**STATE OF NEW MEXICO  
PEÑASCO INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF SECTION 12-6-5 NMSA 1978 FINDINGS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019**

**2019-004 TITLE IX COMPLIANCE**

**TYPE OF FINDING:** Other Matter

**CONDITION**

During our testing of this area, we noted that the District failed to file the Title IX Compliance report with the Department of Education for the fiscal year 18-19 (published 12-31-18).

**CRITERIA**

Each public school shall submit an assurance of compliance with Title IX to its local school board or governing body and provide a copy to the department no later than August 31 of each year. The assurance shall be signed by the superintendent of the district or the head administrator of the charter school. The department shall publish, in a newspaper of general circulation in the state or on a publicly accessible web site, a list of public schools that fail to submit the assurance of compliance with Title IX.

**EFFECT**

Publication of the assurance of compliance with Title IX is required by State law, and failure to file may have negative consequences to the District in the future.

**CAUSE**

The District failed to monitor this compliance requirement; in the past it appears that the District timely filed these reports.

**RECOMMENDATION**

We recommend that District implement detection controls to make certain that these and other deadlines relating to compliance with State and Federal laws and regulations are followed.

**MANAGEMENT RESPONSE**

**Corrective Action:** The District was unaware that the report was not submitted due to the departure of the prior superintendent. The FY2019 Title IX report was submitted timely due to the implementation of calendar of reports, which is shared with the Assistant Business Manager.

**Due Date of Completion:** August 31, 2019

**Responsible Party:** Assistant Business Manager



**STATE OF NEW MEXICO  
PEÑASCO INDEPENDENT SCHOOL DISTRICT  
EXIT CONFERENCE  
JUNE 30, 2019**

The contents of this report were discussed, in a closed session, on November 6, 2019 with Peñasco Independent School District. The following individuals were in attendance:

Peñasco Independent School District

Mary Mascarenas, Board Member (via Zoom call)  
Lisa Hamilton, Superintendent  
Jolene Jaramillo, Contracted Business Manager

Jaramillo Accounting Group LLC (JAG)

Audrey J. Jaramillo, CPA, CFE, Managing Partner  
Scott Eliason, CPA (via Zoom call)  
David Williamson, CPA (via Zoom call)

*Jaramillo Accounting Group (JAG) assisted in the preparation of the financial statements presented in this report. The District's management has reviewed and approved the financial statements, the schedule of expenditures of federal awards, and related notes and they believe that their records adequately support the financial statements.*

## OTHER INFORMATION



# Peñasco Independent School District

P.O. Box 520  
Peñasco, New Mexico 87553

PHONE: 575-587-2502 FAX: 575-587-2513

Superintendent  
Lisa Hamilton

Peñasco Board of Education  
Mary Trujillo Mascareñas, Board President  
Amanda Bissell, Board Vice-President  
Sherry Archuleta, Board Secretary  
Leroy Lopez, Board Member  
Dorothy Lopez-Sherman, Board Member

**Home of the  
Panthers**

## CORRECTIVE ACTION PLAN

November 4, 2019

US Department of Education

Peñasco Independent School District respectfully submits the following corrective action plan for the year ended June 30, 2019.

Name and address of independent public accounting firm:

**Jaramillo Accounting Group LLC  
4700 Lincoln Rd. NE  
Albuquerque, New Mexico 87109**

Audit period:

**June 30, 2019**

The findings from the June 30, 2019 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

### FINDINGS - FINANCIAL STATEMENT AUDIT

#### MATERIAL WEAKNESS

#### **2019-001 FINANCIAL CLOSE AND REPORTING**

#### **RECOMMENDATION**

We recommend that the District record the unspent proceeds of both issues and reconcile them to the external statement monthly. Also, the District needs to put controls in place to ensure that the funds are spent timely, and other compliance areas of the GRT funds are followed. Finally, we recommend the year-end financial close and reporting process capture all balances and transactions in the correct period.

#### **MANAGEMENT RESPONSE**

**Corrective Action:** The Business Manager will record the unspent proceeds in the financial software once the audit has been released. The Assistant Business Manager will reconcile to the statement on a monthly basis and will be reviewed by the Business Manager.

**Due Date of Completion:** December 31, 2019

**Responsible Party:** Business Manager, Assistant Business Manager

If the US Department of Education has questions regarding this plan, please call me at 575-587-2502.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Lisa Hamilton".

Lisa Hamilton  
Superintendent