

STATE OF NEW MEXICO

RATON PUBLIC SCHOOL DISTRICT NO. 11



RATON PUBLIC SCHOOLS

ANNUAL FINANCIAL REPORT

JUNE 30, 2019



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INTRODUCTORY SECTION

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RATON PUBLIC SCHOOL DISTRICT NO. 11
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RATON PUBLIC SCHOOL DISTRICT NO. 11
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STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
OFFICIAL ROSTER
FOR THE YEAR ENDED JUNE 30, 2019

<u>Name</u>		<u>Title</u>
	<u>School Board</u>	
Jason Phillips		President
Ted Kamp		Vice President
Beaver Segotta		Secretary
Kathy Honeyfield		Member
Abe Elliot		Member
	<u>District Officials</u>	
Andy Ortiz		Superintendent
Myra Baird		Business Manager
Robin Martinez		AP Specialist
Vanna Tapia		Payroll Specialist

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Brian Colón, New Mexico State Auditor
The Office of Management and Budget
And the Board of Education of
Raton Public School District No. 11
Raton, 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 Raton Public School District No. 11, (the "District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require Schedules I through IV and notes to the required supplementary information on pages 50 through 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual fund financial statements, the Schedule of Expenditures of Federal Awards, and Schedules V through IX on pages 78 through 85 required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, the Schedule of Expenditures of Federal Awards, and Schedules V through IX required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section on pages 1 through 3 and the Summary Schedule of Prior Audit Findings – Federal Clearinghouse on pages 119 through 121 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 6, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Manning Accounting and Consulting Services, LLC

Manning Accounting and Consulting Services, LLC
Kirtland, New Mexico
November 6, 2019

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BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
STATEMENT OF NET POSITION
JUNE 30, 2019

Exhibit A-1

	<u>Governmental Activities</u>
ASSETS	
<i>Current assets:</i>	
Cash and temporary investments	2,417,270
Receivables (net of allowance for uncollectibles)	625,712
Inventory	17,665
<i>Total current assets</i>	<u>3,060,647</u>
<i>Noncurrent assets:</i>	
Restricted cash	53,535
Capital assets (net of accumulated depreciation):	
Collection of works of art	250,000
Land and land improvements	1,340,471
Buildings and building improvements	25,405,359
Furniture, fixtures and equipment	2,124,479
Less: accumulated depreciation	(20,394,747)
<i>Total noncurrent assets</i>	<u>8,779,097</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows - pensions	4,991,811
Deferred outflows - other post-employment benefits	94,343
<i>Total deferred outflows</i>	<u>5,086,154</u>
<i>Total assets and deferred outflows of resources</i>	<u>\$ 16,925,898</u>
LIABILITIES	
<i>Current liabilities:</i>	
Accounts payable	\$ 38,862
Accrued payroll liabilities	714,111
Accrued interest payable	2,053
Unearned revenue	39,538
Current maturities of:	
Bonds payable	437,000
Compensated absences	17,880
<i>Total current liabilities</i>	<u>1,249,444</u>
<i>Noncurrent liabilities:</i>	
Bonds payable	250,000
Compensated absences	4,799
Net pension liability	20,712,320
Net other post-employment benefits liability	4,949,297
<i>Total noncurrent liabilities</i>	<u>25,916,416</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - pensions	1,951,638
Deferred inflows - other post-employment benefits	2,041,290
<i>Total deferred inflows</i>	<u>3,992,928</u>
NET POSITION	
Invested in capital assets	8,038,562
Restricted for:	
Debt service	163,894
Capital projects	309,778
Other purposes - special revenue	418,187
Unrestricted	<u>(23,163,311)</u>
<i>Total net position</i>	<u>(14,232,890)</u>
<i>Total liabilities, deferred inflows of resources, and net position</i>	<u>\$ 16,925,898</u>

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit A-2

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
Governmental activities:					
Instruction	\$ 7,263,657	\$ 39,376	\$ 809,147	\$ -	\$ (6,415,134)
Support services:					
Students	1,012,586	-	20,396	-	(992,190)
Instruction	35,179	-	9,690	-	(25,489)
General administration	337,219	-	-	-	(337,219)
School administration	744,069	-	68,173	-	(675,896)
Other	-	-	-	-	-
Central services	229,165	-	-	-	(229,165)
Operation & maintenance of plant	1,109,012	1,950	-	12,892	(1,094,170)
Student transportation	409,186	-	307,660	-	(101,526)
Food services operations	634,236	3,374	535,186	-	(95,676)
Community services	589	-	-	-	(589)
Interest on long-term debt	35,469	-	-	-	(35,469)
Facilities materials, supplies, & other services	275,559	-	5,680	-	(269,879)
Total Primary Government	\$ 12,085,926	\$ 44,700	\$ 1,755,932	\$ 12,892	(10,272,402)
General Revenues:					
Property taxes:					
Levied for general purposes					61,914
Levied for debt service					462,227
Levied for capital projects					313,886
Oil and gas taxes					1,970
State Equalization Guarantee					7,439,089
Unrestricted Federal grants					17,807
Unrestricted investment earnings					58,294
Miscellaneous					40,435
Reversions to State and other grantees					(36,070)
Total general revenues					<u>8,359,552</u>
Change in net position					<u>(1,912,850)</u>
Net position - beginning of year					(13,329,179)
Prior period adjustment					<u>1,009,139</u>
Net position - beginning of year, restated					<u>(12,320,040)</u>
Net position - end of year					<u>\$ (14,232,890)</u>

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

EXHIBIT B-1

	General Fund			Special Revenue
	Operational 11000	Transportation 13000	Instructional Materials 14000	Food Service 21000
ASSETS				
<i>Current assets:</i>				
Cash and temporary investments	\$ 1,577,251	\$ 26,049	\$ 44,875	\$ 325,362
Accounts receivable				
Taxes	15,889	-	-	-
Due from other governments	-	-	2,037	38,105
Interfund receivables	390,375	-	-	-
Inventory	12,672	-	-	4,993
	<u>1,996,187</u>	<u>26,049</u>	<u>46,912</u>	<u>368,460</u>
<i>Total assets</i>				
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable	38,200	662	-	-
Accrued payroll liabilities	602,616	13,264	-	9,484
Interfund payables	-	-	-	-
Unearned revenue	-	-	-	-
	<u>640,816</u>	<u>13,926</u>	<u>-</u>	<u>9,484</u>
<i>Total liabilities</i>				
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	14,030	-	-	-
Unavailable revenues - other	-	-	-	-
	<u>14,030</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total deferred inflows of resources</i>				
FUND BALANCES				
Nonspendable	12,672	-	-	4,993
Restricted for:				
Transportation	-	12,123	-	-
Instructional materials	-	-	28,680	-
Grant mandates	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	163,242
Assigned	1,004,444	-	18,232	190,741
Unassigned	324,225	-	-	-
	<u>1,341,341</u>	<u>12,123</u>	<u>46,912</u>	<u>358,976</u>
<i>Total fund balances</i>				
<i>Total liabilities, deferred inflows of resources, and fund balances</i>				
	<u>\$ 1,996,187</u>	<u>\$ 26,049</u>	<u>\$ 46,912</u>	<u>\$ 368,460</u>

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

EXHIBIT B-1

Special Revenue

	<u>IDEA-B Entitlement 24106</u>	<u>Other Governmental Funds</u>	<u>Total Primary Government</u>
ASSETS			
<i>Current assets:</i>			
Cash and temporary investments	\$ 24,062	\$ 473,206	\$ 2,470,805
Accounts receivable			
Taxes	-	188,682	204,571
Due from other governments	114,402	266,597	421,141
Interfund receivables	-	25,670	416,045
Inventory	-	-	17,665
	<u>138,464</u>	<u>954,155</u>	<u>3,530,227</u>
<i>Total assets</i>			
LIABILITIES			
<i>Current liabilities:</i>			
Accounts payable	-	-	38,862
Accrued payroll liabilities	24,062	64,685	714,111
Interfund payables	155,050	260,995	416,045
Unearned revenue	-	39,538	39,538
	<u>179,112</u>	<u>365,218</u>	<u>1,208,556</u>
<i>Total liabilities</i>			
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues - property taxes	-	164,629	178,659
Unavailable revenues - other	28,708	15,919	44,627
	<u>28,708</u>	<u>180,548</u>	<u>223,286</u>
<i>Total deferred inflows of resources</i>			
FUND BALANCES			
Nonspendable	-	-	17,665
Restricted for:			
Transportation	-	-	12,123
Instructional materials	-	-	28,680
Grant mandates	-	12,808	12,808
Capital projects	-	15,048	15,048
Debt service	-	27,640	190,882
Assigned	-	376,500	1,589,917
Unassigned	(69,356)	(23,607)	231,262
	<u>(69,356)</u>	<u>408,389</u>	<u>2,098,385</u>
<i>Total fund balances</i>			
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 138,464</u>	<u>\$ 954,155</u>	<u>\$ 3,530,227</u>

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Exhibit B-2

	Governmental Funds
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total fund balances - governmental funds	\$ 2,098,385
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
The cost of capital assets is	29,120,309
Accumulated depreciation is	(20,394,747)
Revenues not collected within sixty days after year-end are considered "available" revenues and are shown as deferred revenues on the balance sheet.	
Delinquent property taxes	178,659
State revenues	44,627
Deferred outflows and inflows of resources related to pensions and other post-employment benefits are applicable to future periods and therefore, are not reported in governmental funds.	
Deferred outflows of resources - pensions	4,991,811
Deferred outflows of resources - other post-employment benefits	94,343
Deferred inflows of resources - pensions	(1,951,638)
Deferred inflows of resources - other post-employment benefits	(2,041,290)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in governmental funds. Long-term and other liabilities at year-end consist of:	
Accrued interest payable	(2,053)
Bonds payable	(687,000)
Accrued compensated absences	(22,679)
Net pension liability	(20,712,320)
Net other post-employment benefits liability	(4,949,297)
Total net position - governmental activities	\$ (14,232,890)

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

STATE OF NEW MEXICO

EXHIBIT B-3

RATON PUBLIC SCHOOL DISTRICT NO. 11
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund			Special Revenue
	Operational 11000	Transportation 13000	Instructional Materials 14000	Food Service 21000
<i>Revenues:</i>				
Property taxes	\$ 59,556	\$ -	\$ -	\$ -
Oil and gas taxes	518	-	-	-
State grants	7,439,089	303,212	32,362	-
Federal grants	35,615	-	-	500,025
Miscellaneous	40,435	-	-	-
Charges for services	12,885	-	-	3,374
Investment income	40,813	-	-	11,928
<i>Total revenues</i>	<u>7,628,911</u>	<u>303,212</u>	<u>32,362</u>	<u>515,327</u>
<i>Expenditures:</i>				
Current:				
Instruction	4,596,883	-	9,399	-
Support services				
Students	734,766	-	-	-
Instruction	21,627	-	-	-
General administration	257,083	-	-	-
School administration	467,598	-	-	-
Central services	184,456	-	-	-
Operation & maintenance of plant	926,256	-	-	-
Student transportation	-	326,858	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	574,944
Community services	589	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>7,189,258</u>	<u>326,858</u>	<u>9,399</u>	<u>574,944</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>439,653</u>	<u>(23,646)</u>	<u>22,963</u>	<u>(59,617)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	(36,070)	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>(36,070)</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	439,653	(59,716)	22,963	(59,617)
<i>Fund balances - beginning of year</i>	<u>901,688</u>	<u>71,839</u>	<u>23,949</u>	<u>418,593</u>
<i>Prior period adjustment</i>	-	-	-	-
<i>Adjusted fund balance - beginning of year</i>	<u>901,688</u>	<u>71,839</u>	<u>23,949</u>	<u>418,593</u>
<i>Fund balances - end of year</i>	<u>\$ 1,341,341</u>	<u>\$ 12,123</u>	<u>\$ 46,912</u>	<u>\$ 358,976</u>

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Special Revenue</u>		
	Entitlement IDEA-B 24106	Other Governmental Funds	Total Primary Government
<i>Revenues:</i>			
Property taxes	\$ -	\$ 747,800	\$ 807,356
Oil and gas taxes	-	1,452	1,970
State grants	-	215,684	7,990,347
Federal grants	144,983	480,199	1,160,822
Miscellaneous	-	27,843	68,278
Charges for services	-	30,522	46,781
Investment income	-	5,553	58,294
<i>Total revenues</i>	<u>144,983</u>	<u>1,509,053</u>	<u>10,133,848</u>
<i>Expenditures:</i>			
<i>Current:</i>			
Instruction	107,140	631,887	5,345,309
Support services			
Students	32,779	61,222	828,767
Instruction	-	9,690	31,317
General administration	-	7,374	264,457
School administration	74,420	26,845	568,863
Central services	-	-	184,456
Operation & maintenance of plant	-	-	926,256
Student transportation	-	-	326,858
Other support services	-	-	-
Food services operations	-	38,555	613,499
Community services	-	-	589
Capital outlay	-	276,704	276,704
Debt service			
Principal	-	410,000.00	410,000
Interest	-	35,469	35,469
<i>Total expenditures</i>	<u>214,339</u>	<u>1,497,746</u>	<u>9,812,544</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(69,356)</u>	<u>11,307</u>	<u>321,304</u>
<i>Other financing sources (uses):</i>			
Operating transfers	-	-	(36,070)
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>(36,070)</u>
<i>Net changes in fund balances</i>	(69,356)	11,307	285,234
<i>Fund balances - beginning of year</i>	-	397,082	1,813,151
<i>Prior period adjustment</i>	-	-	-
<i>Adjusted fund balance - beginning of year</i>	<u>-</u>	<u>397,082</u>	<u>1,813,151</u>
<i>Fund balances - end of year</i>	<u>\$ (69,356)</u>	<u>\$ 408,389</u>	<u>\$ 2,098,385</u>

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

STATE OF NEW MEXICO

Exhibit B-4

RATON PUBLIC SCHOOL DISTRICT NO. 11
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Net change in fund balances - total governmental funds	\$ 285,234
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	(1,097,703)
Capital outlays	43,709
Revenues not collected within 60 days after the fiscal year-end are not considered available revenues in the governmental funds. They are considered revenues in the Statement of Activities. The increase (decrease) in revenues receivable for the year end were:	
Unavailable revenue related to the property taxes receivable	30,671
Other unavailable revenues	44,627
In the Statement of Activities, certain operating expenses - compensated absences and interest expense - are measured by the amounts incurred during the year. In the fund financial statements, however, expenditures are measured by the amount of financial resources used (essentially the amounts actually paid). The (increases) decreases in the liabilities for the year were:	
Accrued interest payable	1,145
Accrued compensated absences	1,230
Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	
Bond principle payments	410,000
Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the pension benefits earned net of employee contributions is reported as pension expense.	
Pension contributions - current year	662,131
Pension expense	(2,556,948)
Other post-employment benefits contributions - current year	94,343
Other post-employment benefits income	168,711
Change in net position - total governmental activities	<u>\$ (1,912,850)</u>

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

STATE OF NEW MEXICO

Exhibit C-1

RATON PUBLIC SCHOOL DISTRICT NO. 11
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
 BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 OPERATIONAL FUND (11000)
 FOR THE YEAR ENDING JUNE 30, 2019

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ 59,688	\$ 59,688	\$ 58,767	\$ (921)
Oil and gas taxes	1,332	1,332	1,425	93
State grants	7,408,745	7,408,745	7,439,089	30,344
Federal grants	13,552	13,552	35,615	22,063
Miscellaneous	-	-	40,435	40,435
Charges for services	5,480	5,480	12,885	7,405
Interest	13,250	13,250	40,813	27,563
<i>Total revenues</i>	<u>7,502,047</u>	<u>7,502,047</u>	<u>7,629,029</u>	<u>126,982</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	5,042,812	5,042,812	3,989,661	1,053,151
Support services				
Students	923,489	992,011	734,766	257,245
Instruction	24,716	26,321	21,627	4,694
General administration	277,967	283,895	247,380	36,515
School administration	504,635	506,432	467,598	38,834
Central services	197,875	199,531	184,456	15,075
Operation & maintenance of plant	1,109,660	1,030,152	913,270	116,882
Student transportation	-	-	-	-
Other support services	7,813	7,813	-	7,813
Food services operations	-	-	-	-
Community services	2,035	2,035	589	1,446
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>8,091,002</u>	<u>8,091,002</u>	<u>6,559,347</u>	<u>1,531,655</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(588,955)</u>	<u>(588,955)</u>	<u>1,069,682</u>	<u>1,658,637</u>
<i>Other financing sources (uses):</i>				
Designated cash	588,955	588,955	-	(588,955)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>588,955</u>	<u>588,955</u>	<u>-</u>	<u>(588,955)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>1,069,682</u>	<u>1,069,682</u>
<i>Cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>897,944</u>	<u>897,944</u>
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>897,944</u>	<u>897,944</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,967,626</u>	<u>\$ 1,967,626</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ 1,069,682	
Adjustments to revenues			(118)	
Adjustments to expenditures			(629,911)	
Net change in fund balance (GAAP basis)			<u>\$ 439,653</u>	

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

STATE OF NEW MEXICO

Exhibit C-2

RATON PUBLIC SCHOOL DISTRICT NO. 11
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
 BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 TRANSPORTATION FUND (13000)
 FOR THE YEAR ENDING JUNE 30, 2019

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
State grants	303,061	303,061	303,212	151
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>303,061</u>	<u>303,061</u>	<u>303,212</u>	<u>151</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	303,061	338,980	313,234	25,746
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>303,061</u>	<u>338,980</u>	<u>313,234</u>	<u>25,746</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(35,919)</u>	<u>(10,022)</u>	<u>25,897</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	35,919	-	(35,919)
Operating transfers	-	-	(36,070)	(36,070)
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>35,919</u>	<u>(36,070)</u>	<u>(71,989)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(46,092)</u>	<u>(46,092)</u>
<i>Cash or fund balance - beginning of year</i>	-	-	72,141	72,141
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>72,141</u>	<u>72,141</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,049</u>	<u>\$ 26,049</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ (46,092)	
Adjustments to revenues			-	
Adjustments to expenditures			(13,624)	
Net change in fund balance (GAAP basis)			<u>\$ (59,716)</u>	

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

STATE OF NEW MEXICO

Exhibit C-3

RATON PUBLIC SCHOOL DISTRICT NO. 11
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
 BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 INSTRUCTIONAL MATERIALS FUND (14000)
 FOR THE YEAR ENDING JUNE 30, 2019

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
State grants	30,231	32,268	30,325	(1,943)
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>30,231</u>	<u>32,268</u>	<u>30,325</u>	<u>(1,943)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	53,947	55,984	9,399	46,585
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>53,947</u>	<u>55,984</u>	<u>9,399</u>	<u>46,585</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(23,716)</u>	<u>(23,716)</u>	<u>20,926</u>	<u>44,642</u>
<i>Other financing sources (uses):</i>				
Designated cash	23,716	23,716	-	(23,716)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>23,716</u>	<u>23,716</u>	<u>-</u>	<u>(23,716)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>20,926</u>	<u>20,926</u>
<i>Cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>23,949</u>	<u>23,949</u>
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>23,949</u>	<u>23,949</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,875</u>	<u>\$ 44,875</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ 20,926	
Adjustments to revenues			2,037	
Adjustments to expenditures			-	
Net change in fund balance (GAAP basis)			<u>\$ 22,963</u>	

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

STATE OF NEW MEXICO

Exhibit C-4

RATON PUBLIC SCHOOL DISTRICT NO. 11
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
 BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 FOOD SERVICE SPECIAL REVENUE FUND (21000)
 FOR THE YEAR ENDING JUNE 30, 2019

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
State grants	-	-	-	-
Federal grants	450,000	450,000	420,721	(29,279)
Miscellaneous	-	-	-	-
Charges for services	2,750	2,750	3,374	624
Interest	1,000	1,000	11,928	10,928
<i>Total revenues</i>	<u>453,750</u>	<u>453,750</u>	<u>436,023</u>	<u>(17,727)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	737,547	737,547	526,748	210,799
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>737,547</u>	<u>737,547</u>	<u>526,748</u>	<u>210,799</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(283,797)</u>	<u>(283,797)</u>	<u>(90,725)</u>	<u>193,072</u>
<i>Other financing sources (uses):</i>				
Designated cash	283,797	283,797	-	(283,797)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>283,797</u>	<u>283,797</u>	<u>-</u>	<u>(283,797)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(90,725)</u>	<u>(90,725)</u>
<i>Cash or fund balance - beginning of year</i>	-	-	416,087	416,087
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>416,087</u>	<u>416,087</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 325,362</u>	<u>\$ 325,362</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ (90,725)	
Adjustments to revenues			79,304	
Adjustments to expenditures			(48,196)	
Net change in fund balance (GAAP basis)			<u>\$ (59,617)</u>	

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

STATE OF NEW MEXICO

Exhibit C-5

RATON PUBLIC SCHOOL DISTRICT NO. 11
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
 BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 IDEA-B ENTITLEMENT SPECIAL REVENUE FUND (24106)
 FOR THE YEAR ENDING JUNE 30, 2019

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
State grants	-	-	-	-
Federal grants	-	334,923	203,454	(131,469)
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>334,923</u>	<u>203,454</u>	<u>(131,469)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	220,712	83,078	137,634
Support services				
Students	-	38,774	32,779	5,995
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	75,437	74,420	1,017
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>334,923</u>	<u>190,277</u>	<u>144,646</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>13,177</u>	<u>13,177</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>13,177</u>	<u>13,177</u>
<i>Cash or fund balance - beginning of year</i>	-	-	(144,165)	(144,165)
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(144,165)</u>	<u>(144,165)</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (130,988)</u>	<u>\$ (130,988)</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ 13,177	
Adjustments to revenues			(58,471)	
Adjustments to expenditures			(24,062)	
Net change in fund balance (GAAP basis)			<u>\$ (69,356)</u>	

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
AGENCY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2019

Exhibit D-1

	<u>Agency Funds</u>
ASSETS	
<i>Current Assets</i>	
Cash	\$ 175,270
<i>Total assets</i>	<u>175,270</u>
LIABILITIES	
<i>Current Liabilities</i>	
Deposits held in trust for others	<u>175,270</u>
<i>Total liabilities</i>	<u>\$ 175,270</u>

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

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STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 Summary of Significant Accounting Policies

Raton Public School District No. 11 (the “District”) is a public school District governed by an elected five-member Board of Education created under the provision of Chapter 22 Article 5, Paragraph 4, New Mexico Statutes 1978 to provide public education for the children within the District boundaries. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities.

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

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

- GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain AROs, including obligations that may not have been previously reported. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The District will not be affected by this Statement as it has been determined it has no assets which meet the criteria.
- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

The more significant of the government’s accounting policies are described below.

A. *Financial Reporting Entity*

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 Summary of Significant Accounting Policies (Continued)

A. *Financial Reporting Entity*

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

B. *Government-wide and Fund Financial Statements*

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

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

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

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

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

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

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

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

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

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

Additionally, the government reports the following fund types:

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or

**STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 Summary of Significant Accounting Policies (Continued)

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

constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Information technology equipment, including software, is being capitalized and included in furniture and equipment in accordance with NMAC 2.20.1.9 C (5). Capital expenditures made by the New Mexico Public Schools Facilities Authority are appropriately included in the District’s capital assets.

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

Land improvements	10-20 years
Buildings	40-50 years
Building Improvements	20 years
Office Equipment	5 years
Computer Equipment	3-5 years
Vehicles	7 years

Deferred Outflows of Resources – Pensions: The government-wide financial statements report pension related expenses and liabilities for the cost-sharing plan one year in arrears, i.e. expenses and liabilities as of June 30, 2018. Contributions of \$662,131 made by the District in the current fiscal year are thus applicable to a future reporting period where they will then be expensed. As such, they are presented in the Statement of Net Position as a deferred outflow of resources in the current period. The District has four other deferred outflows which arise due to the implementation of GASB 68; change in proportion which has no balance; change in assumptions \$4,268,711; investment experience \$45,852; and actuarial experience \$15,117.

Deferred Outflows of Resources – OPEB: The government-wide financial statements report pension related expenses and liabilities for the cost-sharing plan one year in arrears, i.e. expenses and liabilities as of June 30, 2018. Contributions of \$94,343 made by the District in the current fiscal year are thus applicable to a future reporting period where they will then be expensed. As such, they are presented in the Statement of Net Position as a deferred outflow of resources in the current period. The District may have four other deferred outflows which arise due to the implementation of GASB 75; change in proportion; change in assumptions; investment experience; and actuarial experience had no balances in the current year.

Unearned Revenues: The District recognizes grant revenue at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as unearned revenues. At June 30, 2019, the District had \$39,538 in unearned revenues.

Compensated Absences: It is the District’s policy to permit employees to accumulate earned but unused vacation, of which 22 days will be paid to employees upon separation from the District’s service. The amount for liability has been reported in the government-wide financial statements. Vested or accumulated leave that is expected to be liquidated with expendable available financial resources in reported as an expenditure and a fund liability of the governmental fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net position. Accumulated sick leave is not payable upon termination and is recorded as expenditures when it is paid.

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 Summary of Significant Accounting Policies (Continued)

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

Long-term Obligations: In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. For bonds issued after the fiscal year ended June 30, 2004, bond premiums and discounts, will be deferred and amortized over the life of the bonds using the effective interest method. Bonds payable of \$687,000 as of June 30, 2019 are reported net of the applicable bond premium or discount. Bond insurance issuance costs will be reported as deferred charges and amortized over the term of the related debt.

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

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

Net Pension Liability: The District records its proportionate share of the difference between the value of total pension liabilities and plan assets for the State of New Mexico's Employee Retirement Board pension plan. For the year ended June 30, 2019, the net pension liability totaled \$20,712,320.

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

Net Other Post-Employment Benefits Liability: The District records its proportionate share of the difference between the value of total other post-employment benefit (OPEB) liabilities and plan assets for the State of New Mexico's Retiree Health Care plan. For the year ended June 30, 2019 net OPEB liability totaled \$4,949,297.

Deferred Inflows of Resources – Unavailable Revenues: Governmental funds report unavailable revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Revenues not received within sixty (60) days of year-end are not considered available; therefore, a receivable is recorded for the amount due and a corresponding deferred revenue, is recorded as well. Total unavailable revenues of \$178,659 for property taxes were recorded at June 30, 2019.

Deferred Inflows of Resources – Pensions: Change in actuarial experience \$394,189 and change in proportion \$1,557,449 for the District are applicable to a future reporting period and will be expensed over an established period beginning in the next fiscal year. As such, these amounts are presented in the Statement of Net Position as deferred inflows of resources in the current period.

Deferred Inflows of Resources – OPEB: Changes in actuarial experience \$293,030, investment experience \$61,765, change in assumptions \$924,012, and change in investment experience \$61,765 for the District are applicable to a future reporting period and will be expensed over a five-year period beginning in the next fiscal year. As such, these amounts are presented in the Statement of Net Position as deferred inflows of resources in the current period.

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

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

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

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
NOTES TO THE 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. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

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

State Equalization Guarantee: School districts in the State of New Mexico receive a 'state equalization guarantee distribution' which is defined as "that amount of money distributed to each school district to insure that the school district's operating revenue, including its local and federal revenues as defined in Chapter 22, Section 825, NMSA 1978 is at least equal to the District's program cost. A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$7,439,089 in state equalization guarantee distributions during the year ended June 30, 2019.

Tax Revenues: The District receives mill levy and ad-valorem tax revenues primarily for debt service and capital outlay purposes. Property taxes are assessed on January 1 of each year and are payable in two equal installments, on November 10th of the year in which the tax bill is prepared and April 10th of the following year with the levies becoming delinquent 30 days (one month) thereafter. In the government-wide financial statements, the District recognizes property tax revenues in the period for which they are levied, net of estimated refunds and uncollectible amounts. The District records only the portion of the taxes considered to be 'measurable' and 'available' in the government fund financial statements, which is within 60 days of year-end. Descriptions of the individual debt service and capital outlay funds contained in these financial statements include information regarding the authority for the collection and use of these taxes. In the financial statements, the mill levy and ad-valorem taxes are broken out into two types: property taxes – residential and commercial and property taxes – oil and gas. Amounts collected from residential and commercial property taxes at June 30, 2019 were \$807,356. Amounts collected from oil and gas taxes were \$1,970.

Transportation Distribution: School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$303,212 in transportation distributions during the year ended June 30, 2019.

Instructional Materials: The New Mexico Public Education Department (PED) receives federal material leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the requisition of materials listed in the

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 Summary of Significant Accounting Policies (Continued)

E. Revenues (Continued)

State Board of Education “State Adopted Instructional Material” list, while fifty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2019 totaled \$32,362.

SB-9 State Match: The Director shall distribute to any school district that has imposed a tax under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of Section 22-25-3 NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act. The distribution shall be made by December 1, of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. Provided, however, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary. The District received \$5,445 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 only for capital expenditures deemed by the public school capital outlay council necessary for an adequate educational program per Section 22-24-4(B); core administrative functions of the public school facilities authority and for project management expenses upon approval of the council per Section 22-24-4(G); and for the purpose of demolishing abandoned school district facilities, upon application by a school district to the council, per Section 22-24-4(L).

NOTE 2 Stewardship, Compliance and Accountability

Budgetary Information

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

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

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
NOTES TO THE 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 level, the level of budgetary control for districts. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a 'series,' this may be accomplished with only local board of education approval. If a transfer between 'series' or a budget increase is required, approval must also be obtained from Public School Finance Division. The School District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In April or May, the local school board submits to the District Budget Planning Unit (DBPU) of the New Mexico Public Education Department (PED) (100%) a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets are submitted to the State of New Mexico PED.
2. In May or June of each year, the proposed "operating" budget will be reviewed and approved by the DBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school district for the ensuing fiscal year.
3. The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called.
4. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the DBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
5. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the DBPU.
6. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Public Education Department.
7. Budget change requests are processed in accordance with Supplement 1 (Budget Preparation and Maintenance) of the Manual of Procedures Public School Accounting and Budgeting. Such changes are initiated by the school district and approved by the DBPU.
8. Legal budget control for expenditures is by function.
9. Appropriations lapse at fiscal year-end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.
10. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds.

The board of education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. New Mexico state law prohibits school districts from exceeding budgetary control at the function level.

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

**STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 Cash and Temporary Investments

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

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

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

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

Deposits

	International <u>Bank</u>	FNB <u>New Mexico</u>	<u>Total</u>
Total amounts of deposits	\$ 2,673,682	\$ 189,150	\$ 2,862,832
FDIC coverage	<u>250,000</u>	<u>189,150</u>	<u>\$ 439,150</u>
Total uninsured public funds	<u>2,423,682</u>	<u>-</u>	<u>2,423,682</u>
Collateral requirement (50% of uninsured public funds)	1,211,841	-	1,211,841
Pledged security	<u>1,219,079</u>	<u>-</u>	<u>\$ 1,219,079</u>
Total over (under) collateralized	<u>\$ 7,238</u>	<u>\$ -</u>	<u>\$ 7,238</u>

The funds are maintained in interest bearing and non-interest-bearing checking accounts in Citizens Bank.

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

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

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

1. Uncollateralized;
2. Collateralized with securities held by the pledging financial institution; or

**STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 Cash and Temporary Investments (Continued)

Deposits (Continued)

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

At June 30, 2019, \$2,423,682 of the District's bank balance of \$2,862,832 was exposed to custodial credit risk as it was uninsured and the collateral was not held in the District's name.

Reconciliation of Cash and Temporary Investments to the Financial Statements

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

Reconciliation to Statement of Net Position

Governmental Funds - Balance Sheet

Cash and cash equivalents per Exhibit A-1	\$ 2,470,805
Statement of Fiduciary Net Position - cash per Exhibit D-1	175,270
Total per financial statements	2,646,075
Add outstanding checks and other reconciling items	216,980
Less investments with bond fund	(223)
Bank balance of deposits	\$ 2,862,832

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

The funds listed below are the funds which had negative cash balances as of June 30, 2019:

Fund #	Major Funds	
24106	IDEA-B Entitlement	\$ 130,988
Fund #	Non-major Funds:	
24101	Title I IASA	78,876
24108	NM Autism Project	5,042
24109	IDEA-B Preschool	5,511
24118	Fresh Fruits and Vegetables	1,877
24132	IDEA-B Results Plan	21,221
24154	Teacher/Principal Training & Recruiting	24,873
24183	USDA Equipment Grant	21,846
24189	Student Support Academic Achievement Title IV	11,694
27107	2012 GO Bond Student Library Fund (SB66)	9,690
27114	NM Reads to Lead K-3 Reading Initiative	14,640
27183	NM Grown Fresh Fruits & Vegetables	983
28120	NM Highway Department (Roads)	5,006
28133	Youth Conservation Corps	2,081
31700	Capital Improvements SB-9 (State Match)	4,734
	Total	\$ 222,498

**STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 Cash and Temporary Investments (Continued)

Investments

At June 30, 2019, the District had \$223 held in trust by the Bank of Albuquerque. Those funds are held in a U.S. Treasury Money Market Fund. The District does not have the legal authority to move these funds from the trust institution. Information regarding the fund is as follows:

Fund	CUSIP	WAM	Ratings		Net Assets
			S&P	Moody's	
Premier U.S. Government Money Portfolio					
AIM Treasurer's Series Trust	00142W843	8 days	AAAm	Aaa-mf	\$8.33 Billion

Interest Rate Risk for Investments. The District does not have a written policy for limiting interest rate risk. However, the average maturity of certificates of deposit is twelve months or less, which is an effective limit of interest rate risk.

Credit Risk. State law limits investments to bonds or negotiable securities of the U.S. Government, the State, municipalities, or school district securities issued by the U.S. Government (or its agencies, either direct obligations or backed and guaranteed by the U.S. Government) and repurchase agreements with banks, savings and loan associations or credit unions. The District has no investment policy that would further limit its investment choices.

Concentration of Credit. The District places no limit on the amount the District may invest in any one issuer. Investments which are over 5% of total investments are the amounts invested in the Lipper Institutional U.S. Treasury Money Market Funds which are invested by the trust institution Bank of Albuquerque.

NOTE 4 Receivables

Receivables as of June 30, 2019 are as follows:

	Major Funds					Total Governmental Funds
	Operational 11000	Instructional Materials 14000	Food Service 21000	IDEA-B Entitlement 24106	Other Governmental Funds	
Taxes Receivable	\$ 15,889	\$ -	\$ -	\$ -	\$ 188,682	\$ 204,571
Due from other governments	-	2,037	38,105	114,402	266,597	421,141
Total receivables	\$ 15,889	\$ 2,037	\$ 38,105	\$ 114,402	\$ 455,279	\$ 625,712

The above receivables are deemed 100% collectible. In accordance with GASB No. 33, property tax revenues in the amount of \$178,659 and governmental grant revenues of \$44,627 were not collected within the period of availability.

**STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 Interfund Receivables, Payables, and Transfers

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

Governmental Activities	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Funds:		
Operational (11000)	\$ 390,375	\$ -
Title I IASA (24101)	-	106,985
IDEA-B Entitlement (24106)	-	155,050
Non-major Funds:		
NM Autism Project (24108)	-	5,042
IDEA-B Preschool (24109)	-	9,263
Fresh Fruits and Vegetables (24118)	-	1,877
IDEA-B Results Plan (24132)	-	21,221
Teacher/Principal Training & Recruiting (24154)	-	24,873
Rural & Low-Income Schools (24160)	25,518	-
Carl D. Perkins Secondary Redistribution (24183)	-	21,846
Student Support Academic Achievement Title IV (24189)	-	11,694
Title XIX Medicaid 3/21 Years (25153)	-	3,950
2012 GO Bond Student Library Fund (SB66) (27107)	-	9,690
NM Reads to Lead K-3 Reading Initiative (27114)	-	31,750
2013 Pre-K Classrooms (27183)	-	983
NM Highway Dept (Roads) (28120)	-	5,006
Youth Conservation Corps (28133)	-	2,081
City/County Grants (29107)	152	-
Capital Improvements SB-9 (State Match) (31700)	-	4,734
Totals	<u>\$ 416,045</u>	<u>\$ 416,045</u>

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

The District returned \$36,070 to the State from Transportation (13000) during the year. That was the only fund transfer for the year.

**STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 6 Capital Assets

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

Capital assets used in governmental activities:	Balance June 30, 2018	Additions	Deletions	Adjustments	Balance June 30, 2019
Capital assets not being depreciated:					
Land	\$ 107,911	\$ -	\$ -	\$ -	\$ 107,911
Collections of works of art	250,000	-	-	-	250,000
Total capital assets not being depreciated	<u>357,911</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>357,911</u>
Capital assets being depreciated:					
Land improvements	1,232,560	-	-	-	1,232,560
Buildings and building improvements	25,405,359	-	-	-	25,405,359
Furniture, fixtures, and equipment	2,080,770	43,709	-	-	2,124,479
Total capital assets being depreciated	<u>28,718,689</u>	<u>43,709</u>	<u>-</u>	<u>-</u>	<u>28,762,398</u>
Less accumulated depreciation:					
Land improvements	631,628	71,454	-	(43,924)	659,158
Buildings and building improvements	18,244,197	929,533	-	(920,977)	18,252,753
Furniture, fixtures, and equipment	1,430,358	96,716	-	(44,238)	1,482,836
Total accumulated depreciation	<u>20,306,183</u>	<u>1,097,703</u>	<u>-</u>	<u>(1,009,139)</u>	<u>20,394,747</u>
Total capital assets, net of depreciation	<u>\$ 8,770,417</u>	<u>\$ (1,053,994)</u>	<u>\$ -</u>	<u>\$ 1,009,139</u>	<u>\$ 8,725,562</u>

An adjustment has been made for previous accumulated depreciation in the amount of \$1,009,139. See Note 18 for further information.

Depreciation was allocated for the year as follows:

Governmental activities:	
Instruction	\$ 733,751
Support services - students	82,624
Support services - instruction	1,250
Support services - general administration	28,601
School administration	47,503
Central services	15,500
Operation and maintenance of plant	108,366
Student transportation	31,068
Food services	49,040
Total depreciation	<u>\$ 1,097,703</u>

At June 30, 2019, the District had no construction agreements in place.

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

**STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 Long-Term Debt

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

	Balance at 06/30/18	Additions	Deletions	Balance at 06/30/19	Due Within One Year
General Obligation Bonds	\$ 1,097,000	\$ -	\$ 410,000	\$ 687,000	\$ 437,000
Compensated Absences	23,909	16,650	17,880	22,679	17,880
Total	<u>\$ 1,120,909</u>	<u>\$ 16,650</u>	<u>\$ 427,880</u>	<u>\$ 709,679</u>	<u>\$ 454,880</u>

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

	Series 2008 GO Bond 6/1/2008	Series 2015 GO Bond 5/1/2015
Issue Date	6/1/2008	5/1/2015
Original Issue	\$2,400,000	\$792,000
Maturity Date	6/1/2021	5/1/2020
Principal	1-Jun	1-May
Interest Rate	3.35% to 4.15%	0.67% to 1.50%
Principal/Interest	1-Jun	1-May
Interest	1-Dec	1-Nov

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

Fiscal Year Ending June 30,	Total General Obligation Bonds		Total Debt Service
	Principal	Interest	
2020	\$ 437,000	\$ 23,070	\$ 460,070
2021	250,000	10,375	260,375
Totals	<u>\$ 687,000</u>	<u>\$ 33,445</u>	<u>\$ 720,445</u>

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

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

Compensated Absences: Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2019, compensated absences decreased \$1,230 over the prior year accrual. See Note 1 for more details.

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

**STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 Unearned Revenues

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

Fund #	Special Revenue Funds:	Amount
24108	NM Autism Project	\$ 267
24109	IDEA-B Preschool	20
24120	IDEA-B "Risk Pool"	16
24153	English Language Acquisition	386
24154	Teacher/Principal Training & Recruiting	1,082
24160	Rural and Low Income Schools	37,756
27114	NM Reads to Lead K-3 Reading Initiative	11
	Total	<u> \$ 39,538</u>

NOTE 9 Risk Management

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

The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$750 deductible for each building. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$250,000 per occurrence for Faithful Performance. A limit of \$250,000 applies to depositor's forgery, credit card forgery and money orders. A limit of \$100,000 applies to Money and Security, which includes a \$750 deductible. In case the NMPSIA's assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2019, there have been no claims that have exceeded insurance coverages.

**STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 10 Other Required Individual Fund Disclosures

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

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

Fund #	Fund Description	Amount
Major Funds:		
24106	IDEA-B Entitlement	\$ 69,356
Non-major Funds:		
24132	IDEA-B Results Plan	3,833
24189	Student Support Academic Achievement Title IV	11,694
25153	Title XIX Medicaid 3/21 Years	10
27183	2013 Pre-K Classrooms	983
28120	NM Highway Department (Roads)	5,006
28133	Youth Conservation Corps	2,081
	Total	<u>\$ 92,963</u>

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

Fund #	Fund and Function	Amount
41000	Debt Service - General Administration	\$ 105
43000	Education Technology - General Administration	<u>12</u>
	Total	<u>\$ 117</u>

C. Cash appropriations in excess of available cash balance. For the year ended June 30, 2019, the District did not have any funds with cash appropriations in excess of available cash balance.

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

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

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

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 General Information on the Pension Plan – Educational Retirement Act (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 employments, as defined Section 22-11-2, NMSA 1978. Employees of public schools, universities, colleges, junior colleges, technical-vocational institutions, state special schools, charter schools, and state agencies providing an educational program, who are employed more than 25% of a full-time equivalency, are required to be members of the Plan, unless specifically excluded.

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

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

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

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

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

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

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

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

Benefit Options. The Plan has three benefit options available.

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

**STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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

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 the member reaches age 65 (Tier 1 and Tier 2) or age 67 (Tier 3).

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

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

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

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

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

The contribution requirements of defined benefit plan members and the District are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico legislature. For

**STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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

the fiscal years ended June 30, 2019 and 2018, the District paid employee and employer contributions of \$1,154,282 which equals the amount of the required contributions for the fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2019, the District reported a liability of \$20,712,320 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018, using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the Board on April 21, 2017. There were no other significant events of changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2018. Therefore, the employer's portion was established as of the measurement date of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions, actuarially determined. At June 30, 2018, the District's proportion was 0.17418%, which was a decrease of 0.02382% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$1,894,817. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net (Inflows) Outflows</u>
Differences between expected and actual experience	\$ 15,117	\$ (394,189)	\$ (379,072)
Changes of assumptions	4,268,711	-	4,268,711
Net difference between projected and actual earnings on pension plan investments	45,852	-	45,852
Changes in proportion and differences between contributions and proportionate share of contributions	-	(1,557,449)	(1,557,449)
District's contributions subsequent to the measurement date	<u>662,131</u>	<u>-</u>	<u>662,131</u>
Total	<u>\$ 4,991,811</u>	<u>\$(1,951,638)</u>	<u>\$ 3,040,173</u>

Reported deferred outflows of resources of \$662,131 related to pensions resulting from the District's contributions subsequent to the measurement date of June 30, 2018 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,

2020	\$ 1,742,100
2021	964,439
2022	(329,100)
2023	603
2024	-
Thereafter	-
Total	<u>\$ 2,378,042</u>

**STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 11 General Information on the Pension Plan – Educational Retirement Act (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	2.5%										
Salary Increases	3.25% composed of 2.50% inflation, plus a 0.75% productivity increase rate, plus a step-rate promotional increase for members with less than 10 years of service.										
Investment Rate of Return	7.25% compounded annually, net of expenses. This is made up of a 2.50% inflation rate and a 4.75 real rate of return.										
Average of Expected Remaining Service Lives	<table border="0" style="margin-left: 20px;"> <tr> <td style="text-align: left;">Fiscal Year</td> <td style="text-align: center;"><u>2017</u></td> <td style="text-align: center;"><u>2016</u></td> <td style="text-align: center;"><u>2015</u></td> <td style="text-align: center;"><u>2014</u></td> </tr> <tr> <td style="text-align: left;">Service life in years</td> <td style="text-align: center;">3.35</td> <td style="text-align: center;">3.77</td> <td style="text-align: center;">3.92</td> <td style="text-align: center;">3.88</td> </tr> </table>	Fiscal Year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	Service life in years	3.35	3.77	3.92	3.88
Fiscal Year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>							
Service life in years	3.35	3.77	3.92	3.88							
Mortality	<p>Healthy males: Based on the RP-2000 Combined Mortality Table with White Collar adjustments, not set back. Generational mortality improvements with Scale BB from the table's base year of 2000.</p> <p>Healthy females: Based on GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with Scale BB from the table's base year of 2012.</p> <p>Disabled males: RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB.</p> <p>Disabled females: RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.</p> <p>Active members: RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table's base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for preretirement mortality.</p>										
Retirement Age	Experience-based table rates based on age and service, adopted by the Board on April 21, 2017 in conjunction with the six-year experience study for the period ending June 30, 2016.										
Cost-of-Living Increases	1.90% per year, compounded annually; increases deferred until July 1 following the year a member retires, or the year in which a member attains the age of 65 (67 for Tier 3), whichever is later or, for disabled retirees, until July 1 of the third year following retirement.										
Payroll Growth	3.00% per year (with no allowance for membership growth).										
Contribution Accumulation	The accumulated member account balance with interest is estimated at the valuation date by assuming that member contributions increased 5.50% per year for all years prior to the valuation date. Contributions are credited with 4.00% interest, compounded annually, applicable to the account balance in the past as well as future.										
Disability Incidence	Approved rates applied to eligible members with at least 10 years of service.										

The actuarial assumptions and methods are set by the Plan's Board of Trustees, based upon recommendations made by the Plan's actuary. The Board adopted new assumptions on April 21, 2017 in conjunction with the six-year actuarial experience study period ending June 30, 2016. At that time, the Board adopted several economic assumption changes,

**STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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

including a decrease in the inflation assumption from 3.00% to 2.50%. The 0.50% decrease in the inflation assumption also led to decreases in the nominal investment return assumption from 7.75% to 7.25%, the assumed annual wage inflation rate from 3.75% to 3.25%, the payroll growth assumption from 3.50% to 3.00%, and the annual assumed COLA from 2.00% to 1.90%.

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

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

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

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

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

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

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

<u>1% Decrease (4.69%)</u>	<u>Current Discount Rate (5.69%)</u>	<u>1% Increase (6.69%)</u>
\$ 26,918,084	\$ 20,712,320	\$ 15,648,805

**STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued NMERB’s financial reports. The reports can be found on NMERB’s web site at https://www.nmerb.org/Annual_reports.html.

Payables to the pension plan. The District remits the legally required employer and employee contributions on a monthly basis to ERB. The ERB requires that the contributions be remitted by the 15th day of the month following the month for which contributions are withheld. At June 30, 2019 the contributions due and payable by the District were \$226,000 which were paid in July and September.

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

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

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA’s financial information is included with the financial presentation of the State of New Mexico. The reports and related information can be found on NMRHCA’s web site at <https://www.nmrhca.org>.

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

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

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

**STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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

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 \$141,625 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 \$4,949,297 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District’s proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2018, the District’s proportion was 0.11382% which was a decrease of 0.01661% from its proportion measured at June 30, 2017.

For the year ended June 30, 2019, the District recognized OPEB expense of \$263,054. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net (Inflows) Outflows
Differences between expected and actual experience	\$ -	\$ (293,030)	\$ (293,030)
Changes of assumptions	-	(924,012)	(924,012)
Net difference between projected and actual earnings on pension plan investments	-	(61,765)	(61,765)
Changes in proportion	-	(762,483)	(762,483)
District's contributions subsequent to the measurement date	94,343	-	94,343
Total	<u>\$ 94,343</u>	<u>\$ (2,041,290)</u>	<u>\$ (1,946,947)</u>

Deferred outflows of resources totaling \$94,343 represent the District’s contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30,	
2020	\$ (486,460)
2021	(486,460)
2022	(486,460)
2023	(412,461)
2024	(169,449)
Thereafter	-
Total	<u>\$ (2,041,290)</u>

**STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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

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

Valuation Date	June 30, 2017
Actuarial cost method	Entry age normal, 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	3.25% to 12.5% based on years of service including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation.
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs
Mortality	ERB members: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females) PERA members: RP-2000 Combined Healthy Mortality

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

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

Discount Rate: The discount rate used to measure the Fund's total OPEB liability is 4.08% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are

**STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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

intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund’s fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2029. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 4.08% is the blended discount rate.

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates: The following presents the net OPEB liability of the School, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08 percent) or 1-percentage-point higher (4.08 percent) than the current discount rate:

1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
\$ 5,989,815	\$ 4,949,297	\$ 4,129,137

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

1% Decrease	Current Trend Rates	1% Increase
\$ 4,183,892	\$ 4,949,297	\$ 5,549,393

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

Payable changes in the net OPEB liability: At June 30, 2019, the District reported a payable of \$27,746 for outstanding contributions due to NMRHCA for the year ended June 30, 2019 which was paid in July, August, and September, 2019.

NOTE 13 Unavailable Revenues

The District had \$178,659 of unavailable revenues related to property taxes which had not been paid by property owners within 60 days of year-end as of June 30, 2019.

NOTE 14 Concentrations

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

NOTE 15 Contingent Liabilities

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 15 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 resolution of these matters will not have a material adverse effect on the financial condition of the District.

NOTE 16 Tax Abatement Disclosures

GASB Statement No. 77 requires government agencies to identify any tax abatement agreements that affect the government agency and disclose the amount of tax which was abated. There are no reported tax abatements affecting the District.

NOTE 17 Subsequent Accounting Standard Pronouncements

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

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

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

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 17 Subsequent Accounting Standard Pronouncements (Continued)

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

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

NOTE 18 Prior Period Adjustment

During review of fixed assets, it was determined that the amount of accumulated depreciation in the prior audit did not agree to the detail depreciation records of the District. During review of workpapers, it appeared that previous amounts had been calculated by the auditor and not by the District though records were provided each year. As such, an adjustment has been made to bring the financial records into agreement with the detail depreciation records maintained by the District.

The adjustment resulted in a decrease in accumulated depreciation which resulted in an increase in net position of the District in the amount of \$1,009,139.

NOTE 19 Subsequent Events

A review of subsequent events through November 6, 2019, which is the date the financial statements were available to be issued, indicated nothing of audit significance.

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REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
EDUCATIONAL RETIREMENT BOARD (ERB) PLAN
LAST 10 FISCAL YEARS*
JUNE 30, 2019

Schedule I

Fiscal Year Ended June 30,	Measurement Date - Year Ended June 30,	District's Proportion of the Net Pension Liability (NPL)	District's Proportionate Share of the NPL	District's Covered- Employee Payroll	District's Proportionate Share of the NPL as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2019	2018	0.17418%	\$ 20,712,320	\$ 4,875,350	424.84%	52.17%
2018	2017	0.19800%	\$ 22,004,667	\$ 5,643,931	389.88%	52.95%
2017	2016	0.20194%	\$ 14,532,478	\$ 5,769,462	251.89%	61.58%
2016	2015	0.20687%	\$ 13,399,521	\$ 5,880,551	227.86%	63.97%
2015	2014	0.22700%	\$ 12,706,654	\$ 2,577,459	492.99%	66.54%

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

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
SCHEDULE OF PENSION CONTRIBUTIONS
EDUCATIONAL RETIREMENT BOARD (ERB) PLAN
LAST 10 FISCAL YEARS*
JUNE 30, 2019

Schedule II

Fiscal Year Ended June 30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
2019	\$ 662,131	\$ 662,131	\$ -	\$ 4,763,532	13.90%
2018	\$ 677,673	\$ 679,321	\$ (1,648)	\$ 4,875,350	13.93%
2017	\$ 784,506	\$ 784,137	\$ 369	\$ 5,643,931	13.89%
2016	\$ 801,955	\$ 801,750	\$ 205	\$ 5,769,462	13.90%
2015	\$ 817,396	\$ 817,396	\$ -	\$ 5,880,551	13.90%

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

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
EDUCATIONAL RETIREMENT BOARD (ERB) PLAN
JUNE 30, 2019

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

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

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

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
SCHEDULE OF PROPORTIONATE SHARE OF THE
NET OTHER POST-EMPLOYMENT BENEFITS (OPEB)
RETIREE HEALTH CARE AUTHORITY (RHCA)
LAST 10 FISCAL YEARS*
JUNE 30, 2019

Schedule III

Fiscal Year Ended June 30,	Measurement Date - Year Ended June 30,	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered- Employee Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2019	2018	0.11382%	\$ 4,949,297	\$ 4,830,711	102.45%	13.14%
2018	2017	0.13043%	\$ 5,910,661	\$ 5,597,284	105.60%	11.34%

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

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
SCHEDULE OF OTHER POST-EMPLOYMENT BENEFITS (OPEB) CONTRIBUTIONS
RETIREE HEALTH CARE AUTHORITY (RHCA)
LAST 10 FISCAL YEARS*
JUNE 30, 2019

Schedule IV

Fiscal Year Ended June 30,	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered employee payroll	Contributions as a percentage of covered-employee payroll
2019	\$ 94,343	\$ 94,343	\$ -	\$ 4,717,150	2.00%
2018	\$ 96,616	\$ 96,616	\$ -	\$ 4,830,711	2.00%

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

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
RETIREE HEALTH CARE AUTHORITY (RHCA)
JUNE 30, 2019

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

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

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

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

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

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

Statement A-1

	Special Revenue	Capital Projects	Debt Service	Total
ASSETS				
<i>Current assets:</i>				
Cash and temporary investments	\$ 188,927	\$ 230,744	\$ 53,535	\$ 473,206
Accounts receivable				
Taxes	-	78,323	110,359	188,682
Due from other governments	261,152	5,445	-	266,597
Interfund receivables	25,670	-	-	25,670
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>475,749</u>	<u>314,512</u>	<u>163,894</u>	<u>954,155</u>
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	64,685	-	-	64,685
Interfund payables	256,261	4,734	-	260,995
Unearned revenue	39,538	-	-	39,538
<i>Total liabilities</i>	<u>360,484</u>	<u>4,734</u>	<u>-</u>	<u>365,218</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	-	68,733	95,896	164,629
Unavailable revenues - other	15,919	-	-	15,919
<i>Total deferred inflows of resources</i>	<u>15,919</u>	<u>68,733</u>	<u>95,896</u>	<u>180,548</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for:				
Grant mandates	12,808	-	-	12,808
Capital projects	-	15,048	-	15,048
Debt service	-	-	27,640	27,640
Assigned	110,145	225,997	40,358	376,500
Unassigned	(23,607)	-	-	(23,607)
<i>Total fund balances</i>	<u>99,346</u>	<u>241,045</u>	<u>67,998</u>	<u>408,389</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 475,749</u>	<u>\$ 314,512</u>	<u>\$ 163,894</u>	<u>\$ 954,155</u>

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

STATE OF NEW MEXICO

RATON PUBLIC SCHOOL DISTRICT NO. 11
 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
<i>Revenues:</i>				
Property taxes	\$ -	\$ 302,301	\$ 445,499	\$ 747,800
Oil and gas taxes	-	846	606	1,452
State grants	210,239	5,445	-	215,684
Federal grants	480,199	-	-	480,199
Miscellaneous	20,396	7,447	-	27,843
Charges for services	30,522	-	-	30,522
Investment income	790	4,763	-	5,553
<i>Total revenues</i>	<u>742,146</u>	<u>320,802</u>	<u>446,105</u>	<u>1,509,053</u>
<i>Expenditures:</i>				
Current:				
Instruction	631,887	-	-	631,887
Support services				
Students	61,222	-	-	61,222
Instruction	9,690	-	-	9,690
General administration	-	2,983	4,391	7,374
School administration	26,845	-	-	26,845
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	38,555	-	-	38,555
Community services	-	-	-	-
Capital outlay	10,686	266,018	-	276,704
Debt service				
Principal	-	-	410,000	410,000
Interest	-	-	35,469	35,469
<i>Total expenditures</i>	<u>778,885</u>	<u>269,001</u>	<u>449,860</u>	<u>1,497,746</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(36,739)</u>	<u>51,801</u>	<u>(3,755)</u>	<u>11,307</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	(36,739)	51,801	(3,755)	11,307
<i>Fund balances - beginning of year</i>	<u>136,085</u>	<u>189,244</u>	<u>71,753</u>	<u>397,082</u>
<i>Fund balances - end of year</i>	<u>\$ 99,346</u>	<u>\$ 241,045</u>	<u>\$ 67,998</u>	<u>\$ 408,389</u>

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

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SPECIAL REVENUE FUNDS

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
SPECIAL REVENUE FUNDS DESCRIPTIONS
FOR THE YEAR ENDED JUNE 30, 2019

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

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

Title I IASA (24101) – This fund accounts for supplemental educational opportunity for academically disadvantaged children in the area of residing. Campuses are identified for program participation by the percentage of students on free or reduced lunches. Any school with a free and reduced-price lunch percentage that is equal to or greater than the total district percentage becomes eligible for program participation. Any student whose test scores fall below District established criteria and who is attending a Title I campus is eligible to receive Title I services. Poverty is the criteria that identify a campus; educational need determines the students to be served. Federal revenues accounted for in this fund are allocated to the District through the New Mexico Public Education Department. Authority for creation of this fund is Part A of Chapter I of Title I of Elementary and Secondary Education Act (ESEA) of 1965, as amended, Public Law 103-383. No minimum balance required according to legislation.

New Mexico Autism Project (24108) – To provide funds for research-based programs for Autism provided through the New Mexico Public Education Department. No minimum balance required according to legislation.

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

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

IDEA-B “Risk Pool” (24120) – Funding for students with disabilities who are parentally placed in private elementary and secondary schools (“equitable participation services”) located in the school district. No minimum balance is required according to legislation.

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

English Language Acquisition (24153) – To provide funds to improve the educational performance of limited English proficient students by assisting the children to learn English and meet State academic content standards. No minimum balance required according to legislation.

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

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

USDA Equipment Grant (24183) – To provide grant funds for the purchase of equipment for the student nutrition programs of schools. No Minimum balance required according to legislation.

Student Support Academic Enrichment Title IV (24189) – This sub award supports well-rounded educational opportunities, safe, and healthy students and effective use of technology.

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
SPECIAL REVENUE FUNDS DESCRIPTIONS
FOR THE YEAR ENDED JUNE 30, 2019

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

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

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

New Mexico Reads to Lead K-3 (27114) – Funds may be used to supplement and not supplant any moneys currently being used to embed the essential components of reading instruction into all elements of the K-3 teaching structures in schools.

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 Grown Fresh Fruits and Vegetables (27183) – To account for funds provided by New Mexico Public Education Department to purchase New Mexico locally grown fresh fruits and vegetables for school meal programs. No minimum balance required according to legislation.

New Mexico Highway Department (Road) (28120) – To account for funds awarded by the New Mexico Department of Transportation for parking lot and bus area improvements. No minimum balance required according to legislation.

Youth Conservation Corps (28133) – Plan, design, establish, and manage a Youth Conservation Corps Project (the Project) including recruiting, guiding, and coordinating the work of Corps members and providing them with job and life skills training and educational opportunities in accordance with the NMYCC Act. No minimum balance required according to legislation.

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

City/County Grants (29107) – To provide support for a health education program within the school and to provide workbooks, materials for educational demonstrations and funds to support a nutrition-focused event for the school.

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30 , 2019

Statement B-1

	Athletics 22000	Title I IASA 24101	NM Autism Project 24108	IDEA-B Preschool 24109
ASSETS				
<i>Current assets:</i>				
Cash and temporary investments	\$ 27,358	\$ 28,109	\$ -	\$ 3,752
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	106,292	5,309	9,283
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>27,358</u>	<u>134,401</u>	<u>5,309</u>	<u>13,035</u>
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	-	27,416	-	3,752
Interfund payables	-	106,985	5,042	9,263
Unearned revenue	-	-	267	20
<i>Total liabilities</i>	<u>-</u>	<u>134,401</u>	<u>5,309</u>	<u>13,035</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	-	-	-	-
Unavailable revenues - other	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for:				
Grant mandates	7,310	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	20,048	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>27,358</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 27,358</u>	<u>\$ 134,401</u>	<u>\$ 5,309</u>	<u>\$ 13,035</u>

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30 , 2019

Statement B-1

	Fresh Fruits and Vegetables 24118	IDEA-B "Risk Pool" 24120	IDEA-B Results Plan 24132	English Language Acquisition 24153
ASSETS				
<i>Current assets:</i>				
Cash and temporary investments	\$ -	\$ 16	\$ 529	\$ 386
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	1,877	-	21,613	-
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>1,877</u>	<u>16</u>	<u>22,142</u>	<u>386</u>
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	-	-	529	-
Interfund payables	1,877	-	21,221	-
Unearned revenue	-	16	-	386
<i>Total liabilities</i>	<u>1,877</u>	<u>16</u>	<u>21,750</u>	<u>386</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	-	-	-	-
Unavailable revenues - other	-	-	4,225	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>4,225</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for:				
Grant mandates	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	(3,833)	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>(3,833)</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 1,877</u>	<u>\$ 16</u>	<u>\$ 22,142</u>	<u>\$ 386</u>

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30 , 2019

Statement B-1

	Teacher/Principal Training & Recruiting 24154	Rural & Low-Income Schools 24160	USDA Equipment Grant 24183	Student Support Academic Achievement 24189
ASSETS				
<i>Current assets:</i>				
Cash and temporary investments	\$ 4,031	\$ 3,889	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	24,917	12,238	21,846	11,694
Interfund receivables	-	25,518	-	-
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>28,948</u>	<u>41,645</u>	<u>21,846</u>	<u>11,694</u>
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	2,993	3,889	-	-
Interfund payables	24,873	-	21,846	11,694
Unearned revenue	1,082	37,756	-	-
<i>Total liabilities</i>	<u>28,948</u>	<u>41,645</u>	<u>21,846</u>	<u>11,694</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	-	-	-	-
Unavailable revenues - other	-	-	-	11,694
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,694</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for:				
Grant mandates	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	(11,694)
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,694)</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 28,948</u>	<u>\$ 41,645</u>	<u>\$ 21,846</u>	<u>\$ 11,694</u>

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30 , 2019

Statement B-1

	Title XIX Medicaid 3/21 Years 25153	Dual Credit Instructional Materials 27103	2012 GO Bond Student Library Fund (SB66) 27107	NM Reads to Lead K-3 Reading Initiative 27114
ASSETS				
<i>Current assets:</i>				
Cash and temporary investments	\$ 7,251	\$ -	\$ -	\$ 17,110
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	3,940	-	9,690	31,761
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
	<u>11,191</u>	<u>-</u>	<u>9,690</u>	<u>48,871</u>
<i>Total assets</i>				
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	7,251	-	-	17,110
Interfund payables	3,950	-	9,690	31,750
Unearned revenue	-	-	-	11
	<u>11,201</u>	<u>-</u>	<u>9,690</u>	<u>48,871</u>
<i>Total liabilities</i>				
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	-	-	-	-
Unavailable revenues - other	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total deferred inflows of resources</i>				
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for:				
Grant mandates	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	(10)	-	-	-
	<u>(10)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total fund balances</i>				
	<u>(10)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 11,191</u>	<u>\$ -</u>	<u>\$ 9,690</u>	<u>\$ 48,871</u>

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30 , 2019

Statement B-1

	Breakfast for Elementary Students 27155	NM Grown Fresh Fruits & Vegetables 27183	NM Highway Dept (Roads) 28120	Youth Conservation Corps 28133
ASSETS				
<i>Current assets:</i>				
Cash and temporary investments	\$ -	\$ -	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	-	-	-
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
	-	-	-	-
<i>Total assets</i>	-	-	-	-
LIABILITIES				
<i>Current liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	-	-	-	-
Interfund payables	-	983	5,006	2,081
Unearned revenue	-	-	-	-
	-	983	5,006	2,081
<i>Total liabilities</i>	-	983	5,006	2,081
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues - property taxes	-	-	-	-
Unavailable revenues - other	-	-	-	-
	-	-	-	-
<i>Total deferred inflows of resources</i>	-	-	-	-
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted for:				
Grant mandates	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	(983)	(5,006)	(2,081)
	-	(983)	(5,006)	(2,081)
<i>Total fund balances</i>	-	(983)	(5,006)	(2,081)
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	\$ -	\$ -	\$ -	\$ -

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30 , 2019

Statement B-1

	Direct Grants 29102	City/County Grants 29107	Total
ASSETS			
<i>Current assets:</i>			
Cash and temporary investments	\$ 94,751	\$ 1,745	\$ 188,927
Accounts receivable			-
Taxes	-	-	-
Due from other governments	-	692	261,152
Interfund receivables	-	152	25,670
Other	-	-	-
Inventory	-	-	-
	<u>94,751</u>	<u>2,589</u>	<u>475,749</u>
<i>Total assets</i>	<u>94,751</u>	<u>2,589</u>	<u>475,749</u>
LIABILITIES			
<i>Current liabilities:</i>			
Accounts payable	-	-	-
Accrued payroll liabilities	-	1,745	64,685
Interfund payables	-	-	256,261
Unearned revenue	-	-	39,538
	<u>-</u>	<u>1,745</u>	<u>360,484</u>
<i>Total liabilities</i>	<u>-</u>	<u>1,745</u>	<u>360,484</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues - property taxes	-	-	-
Unavailable revenues - other	-	-	15,919
	<u>-</u>	<u>-</u>	<u>15,919</u>
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>15,919</u>
FUND BALANCES			
Nonspendable	-	-	-
Restricted for:			
Grant mandates	4,654	844	12,808
Capital projects	-	-	-
Debt service	-	-	-
Assigned	90,097	-	110,145
Unassigned	-	-	(23,607)
	<u>94,751</u>	<u>844</u>	<u>99,346</u>
<i>Total fund balances</i>	<u>94,751</u>	<u>844</u>	<u>99,346</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 94,751</u>	<u>\$ 2,589</u>	<u>\$ 475,749</u>

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

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

Statement B-2

	Athletics 22000	Title I IASA 24101	NM Autism Project 24108	IDEA-B Preschool 24109
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
State grants	-	-	-	-
Federal grants	-	232,516	5,309	24,662
Miscellaneous	-	-	-	-
Charges for services	30,522	-	-	-
Investment income	790	-	-	-
<i>Total revenues</i>	<u>31,312</u>	<u>232,516</u>	<u>5,309</u>	<u>24,662</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	25,105	232,516	5,309	24,662
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>25,105</u>	<u>232,516</u>	<u>5,309</u>	<u>24,662</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>6,207</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	6,207	-	-	-
<i>Fund balances - beginning of year</i>	<u>21,151</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ 27,358</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

Statement B-2

	Fresh Fruits and Vegetables 24118	IDEA-B "Risk Pool" 24120	IDEA-B Results Plan 24132	English Language Acquisition 24153
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
State grants	-	-	-	-
Federal grants	11,834	-	38,774	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>11,834</u>	<u>-</u>	<u>38,774</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	42,607	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	11,834	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>11,834</u>	<u>-</u>	<u>42,607</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(3,833)</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	-	-	(3,833)	-
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,833)</u>	<u>\$ -</u>

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

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

Statement B-2

	Teacher/Principal Training & Recruiting 24154	Rural & Low-Income Schools 24160	USDA Equipment Grant 24183	Student Support Academic Achievement 24189
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
State grants	-	-	-	-
Federal grants	51,416	19,159	21,846	6,510
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>51,416</u>	<u>19,159</u>	<u>21,846</u>	<u>6,510</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	51,416	19,159	-	18,204
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	21,846	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>51,416</u>	<u>19,159</u>	<u>21,846</u>	<u>18,204</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,694)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	-	-	-	(11,694)
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,694)</u>

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

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

Statement B-2

	Title XIX Medicaid 3/21 Years 25153	Dual Credit Instructional Materials 27103	2012 GO Bond Student Library Fund (SB66) 27107	NM Reads to Lead K-3 Reading Initiative 27114
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
State grants	-	770	9,690	192,288
Federal grants	68,173	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>68,173</u>	<u>770</u>	<u>9,690</u>	<u>192,288</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	770	-	192,288
Support services				
Students	41,338	-	-	-
Instruction	-	-	9,690	-
General administration	-	-	-	-
School administration	26,845	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>68,183</u>	<u>770</u>	<u>9,690</u>	<u>192,288</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(10)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	(10)	-	-	-
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund balances - end of year</i>	<u>\$ (10)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

Statement B-2

	Breakfast for Elementary Students 27155	NM Grown Fresh Fruits & Vegetables 27183	NM Highway Dept (Roads) 28120	Youth Conservation Corps 28133
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-	-
State grants	2,411	1,481	5,680	(2,081)
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	2,411	1,481	5,680	(2,081)
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	2,411	2,464	-	-
Community services	-	-	-	-
Capital outlay	-	-	10,686	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	2,411	2,464	10,686	-
<i>Excess (deficiency) of revenues over (under) expenditures</i>	-	(983)	(5,006)	(2,081)
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	-	-	-	-
<i>Net changes in fund balances</i>	-	(983)	(5,006)	(2,081)
<i>Fund balances - beginning of year</i>	-	-	-	-
<i>Fund balances - end of year</i>	\$ -	\$ (983)	\$ (5,006)	\$ (2,081)

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

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

Statement B-2

	Private Direct Grants 29102	City/County Grants 29107	Total
<i>Revenues:</i>			
Property taxes	\$ -	\$ -	\$ -
Oil and gas taxes	-	-	-
State grants	-	-	210,239
Federal grants	-	-	480,199
Miscellaneous	-	20,396	20,396
Charges for services	-	-	30,522
Investment income	-	-	790
<i>Total revenues</i>	<u>-</u>	<u>20,396</u>	<u>742,146</u>
<i>Expenditures:</i>			
<i>Current:</i>			
Instruction	19,851	-	631,887
Support services			
Students	-	19,884	61,222
Instruction	-	-	9,690
General administration	-	-	-
School administration	-	-	26,845
Central services	-	-	-
Operation & maintenance of plant	-	-	-
Student transportation	-	-	-
Other support services	-	-	-
Food services operations	-	-	38,555
Community services	-	-	-
Capital outlay	-	-	10,686
Debt service			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>19,851</u>	<u>19,884</u>	<u>778,885</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(19,851)</u>	<u>512</u>	<u>(36,739)</u>
<i>Other financing sources (uses):</i>			
Operating transfers	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	(19,851)	512	(36,739)
<i>Fund balances - beginning of year</i>	<u>114,602</u>	<u>332</u>	<u>136,085</u>
<i>Fund balances - end of year</i>	<u>\$ 94,751</u>	<u>\$ 844</u>	<u>\$ 99,346</u>

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

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CAPITAL PROJECTS FUNDS

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
CAPITAL PROJECTS FUNDS DESCRIPTIONS
FOR THE YEAR ENDED JUNE 30, 2019

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

Special Capital Outlay – State (31400) – The purpose of this fund is to account for special appropriations monies received from the State of New Mexico under Chapter 4, Laws of 1996. No minimum balance required according to legislation.

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

Capital Improvements SB-9 (Local) – (31701) – To account for erecting, remodeling, making additions to, and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as identified by the local school board. Financing is provided by a special tax levy as authorized by the Public School District Capital Improvements Act. No minimum balance required according to legislation. (22-25-1 to 22-25-10 NMSA 1978).

Educational Technology Equipment Act (31900) – Accounts for State funding to promote the comprehensive integration of advanced technologies in education settings, through the conduct of technical assistance, professional development, information and resource dissemination, and collaboration activities.

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2019

Statement C-1

	Special Capital Outlay State 31400	Capital Improvements SB-9 (State Match) 31700	Capital Improvements SB-9 (Local) 31701	Educational Technology Equipment Act 31900	Total
ASSETS					
<i>Current assets:</i>					
Cash and temporary investments	\$ 13,268	\$ -	\$ 217,253	\$ 223	\$ 230,744
Accounts receivable					-
Taxes	-	-	78,323	-	78,323
Due from other governments	-	5,445	-	-	5,445
Interfund receivables	-	-	-	-	-
Other	-	-	-	-	-
Inventory	-	-	-	-	-
<i>Total assets</i>	<u>13,268</u>	<u>5,445</u>	<u>295,576</u>	<u>223</u>	<u>314,512</u>
LIABILITIES					
<i>Current liabilities:</i>					
Accounts payable	-	-	-	-	-
Accrued payroll liabilities	-	-	-	-	-
Interfund payables	-	4,734	-	-	4,734
Unearned revenue	-	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>4,734</u>	<u>-</u>	<u>-</u>	<u>4,734</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	-	-	68,733	-	68,733
Unavailable revenues - other	-	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>68,733</u>	<u>-</u>	<u>68,733</u>
FUND BALANCES					
Nonspendable	-	-	-	-	-
Restricted for:					
Grant mandates	-	-	-	-	-
Capital projects	13,268	711	846	223	15,048
Debt service	-	-	-	-	-
Assigned	-	-	225,997	-	225,997
Unassigned	-	-	-	-	-
<i>Total fund balances</i>	<u>13,268</u>	<u>711</u>	<u>226,843</u>	<u>223</u>	<u>241,045</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 13,268</u>	<u>\$ 5,445</u>	<u>\$ 295,576</u>	<u>\$ 223</u>	<u>\$ 314,512</u>

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

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

Statement C-2

	Special Capital Outlay State 31400	Capital Improvements SB-9 (State Match) 31700	Capital Improvements SB-9 (Local) 31701	Educational Technology Equipment Act 31900	Total
<i>Revenues:</i>					
Property taxes	\$ -	\$ -	\$ 302,301	\$ -	\$ 302,301
Oil and gas taxes	-	-	846	-	846
State grants	-	5,445	-	-	5,445
Federal grants	-	-	-	-	-
Miscellaneous	-	-	7,447	-	7,447
Charges for services	-	-	-	-	-
Investment income	-	-	4,734	29	4,763
<i>Total revenues</i>	<u>-</u>	<u>5,445</u>	<u>315,328</u>	<u>29</u>	<u>320,802</u>
<i>Expenditures:</i>					
<i>Current:</i>					
Instruction	-	-	-	-	-
Support services	-	-	-	-	-
Students	-	-	-	-	-
Instruction	-	-	-	-	-
General administration	-	-	2,983	-	2,983
School administration	-	-	-	-	-
Central services	-	-	-	-	-
Operation & maintenance of plant	-	-	-	-	-
Student transportation	-	-	-	-	-
Other support services	-	-	-	-	-
Food services operations	-	-	-	-	-
Community services	-	-	-	-	-
Capital outlay	-	5,445	256,764	3,809	266,018
Debt service	-	-	-	-	-
Principal	-	-	-	-	-
Interest	-	-	-	-	-
<i>Total expenditures</i>	<u>-</u>	<u>5,445</u>	<u>259,747</u>	<u>3,809</u>	<u>269,001</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>55,581</u>	<u>(3,780)</u>	<u>51,801</u>
<i>Other financing sources (uses):</i>					
Operating transfers	-	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	-	-	55,581	(3,780)	51,801
<i>Fund balances - beginning of year</i>	<u>13,268</u>	<u>711</u>	<u>171,262</u>	<u>4,003</u>	<u>189,244</u>
<i>Fund balances - end of year</i>	<u>\$ 13,268</u>	<u>\$ 711</u>	<u>\$ 226,843</u>	<u>\$ 223</u>	<u>\$ 241,045</u>

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

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DEBT SERVICE FUNDS

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
DEBT SERVICE FUNDS DESCRIPTIONS
FOR THE YEAR ENDED JUNE 30, 2019

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

Debt Service Fund (41000) – The fund is used to account for the accumulation of resources for the payment of general long-term debt principal and interest. No minimum balance required according to legislation.

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2019

Statement D-1

	<u>Debt Service 41000</u>	<u>Education Technology Debt Service 43000</u>	<u>Total</u>
ASSETS			
<i>Current assets:</i>			
Cash and temporary investments	\$ 37,559	\$ 15,976	\$ 53,535
Accounts receivable			
Taxes	74,852	35,507	110,359
Due from other governments	-	-	-
Interfund receivables	-	-	-
Other	-	-	-
Inventory	-	-	-
	<u>112,411</u>	<u>51,483</u>	<u>163,894</u>
<i>Total assets</i>			
LIABILITIES			
<i>Current Liabilities:</i>			
Accounts payable	-	-	-
Accrued payroll liabilities	-	-	-
Interfund payables	-	-	-
Unearned revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total liabilities</i>			
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues - property taxes	67,236	28,660	95,896
Unavailable revenues - other	-	-	-
	<u>67,236</u>	<u>28,660</u>	<u>95,896</u>
<i>Total deferred inflows of resources</i>			
FUND BALANCES			
Nonspendable	-	-	-
Restricted for:			
Grant mandates	-	-	-
Capital projects	-	-	-
Debt service	16,300	11,340	27,640
Assigned	28,875	11,483	40,358
Unassigned	-	-	-
	<u>45,175</u>	<u>22,823</u>	<u>67,998</u>
<i>Total fund balances</i>			
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 112,411</u>	<u>\$ 51,483</u>	<u>\$ 163,894</u>

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

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

Statement D-2

	Debt Service 41000	Education Technology Debt Service 43000	Total
<i>Revenues:</i>			
Property taxes	\$ 279,402	\$ 166,097	\$ 445,499
Oil and gas taxes	231	375	606
State grants	-	-	-
Federal grants	-	-	-
Miscellaneous	-	-	-
Charges for services	-	-	-
Investment income	-	-	-
<i>Total revenues</i>	<u>279,633</u>	<u>166,472</u>	<u>446,105</u>
<i>Expenditures:</i>			
<i>Current:</i>			
Instruction	-	-	-
Support services			
Students	-	-	-
Instruction	-	-	-
General administration	2,767	1,624	4,391
School administration	-	-	-
Central services	-	-	-
Operation & maintenance of plant	-	-	-
Student transportation	-	-	-
Other support services	-	-	-
Food services operations	-	-	-
Community services	-	-	-
Capital outlay	-	-	-
Debt service			
Principal	250,000	160,000	410,000
Interest	31,513	3,956	35,469
<i>Total expenditures</i>	<u>284,280</u>	<u>165,580</u>	<u>449,860</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(4,647)</u>	<u>892</u>	<u>(3,755)</u>
<i>Other financing sources (uses):</i>			
Operating transfers	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	(4,647)	892	(3,755)
<i>Fund balances - beginning of year</i>	<u>49,822</u>	<u>21,931</u>	<u>71,753</u>
<i>Fund balances - end of year</i>	<u>\$ 45,175</u>	<u>\$ 22,823</u>	<u>\$ 67,998</u>

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

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OTHER SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
AGENCY FUNDS
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FOR THE YEAR ENDING JUNE 30, 2019

Schedule V

ASSETS	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
<i>Cash and cash equivalents</i>				
Central Office	\$ 13,492	\$ 3,476	\$ -	\$ 16,968
Raton High School	137,124	219,951	218,261	138,814
Raton Intermediate School	11,403	43,394	40,059	14,738
Longfellow Elementary School	<u>4,728</u>	<u>7,395</u>	<u>7,373</u>	<u>4,750</u>
Total Agency Funds	<u>\$ 166,747</u>	<u>\$ 274,216</u>	<u>\$ 265,693</u>	<u>\$ 175,270</u>
 LIABILITIES				
Deposits held for others	<u>\$ 166,747</u>	<u>\$ 274,216</u>	<u>\$ 265,693</u>	<u>\$ 175,270</u>

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
SCHEDULE OF PLEDGED COLLATERAL
FOR THE YEAR ENDED JUNE 30, 2019

Schedule VI

<u>Name of Depository</u>	<u>Description of Pledged Collateral</u>	<u>Maturity Date</u>	<u>CUSIP Number</u>	<u>Fair Market Value June 30, 2019</u>
International Bank				
	Collateralized Mortgage Oblig.	1/15/2045	3137F5SM2	\$ 1,219,079
Total International Bank				<u>\$ 1,219,079</u>

The securities are held, not in the District's name, at:
 Bankers' Bank of the West
 1099 18th Street Suite 2700
 Denver, CO 80302

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS
JUNE 30, 2019

Schedule VII

Bank Name/Account Type	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Other Adjustments	Book Balance
International Bank						
Operational Account	Checking	\$ 2,011,829	\$ -	\$ (274,159)	\$ 71,059	\$ 1,808,729
Clearing Account	Checking	<u>661,852</u>	<u>-</u>	<u>(644,517)</u>	<u>644,518</u>	<u>661,853</u>
Total International Bank		<u>\$ 2,673,681</u>	<u>\$ -</u>	<u>\$ (918,676)</u>	<u>\$ 715,577</u>	<u>\$ 2,470,582</u>
FNB New Mexico						
Activity Account	Checking	\$ 189,150	\$ -	\$ (13,881)	\$ 1	\$ 175,270
Total FNB New Mexico		<u>\$ 189,150</u>	<u>\$ -</u>	<u>\$ (13,881)</u>	<u>\$ 1</u>	<u>\$ 175,270</u>
New Mexico Finance Authority						
Ed Tech Note	Trust	\$ 223	\$ -	\$ -	\$ -	\$ 223
Total New Mexico Finance Authority		<u>\$ 223</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 223</u>
Total		<u>\$ 2,863,054</u>	<u>\$ -</u>	<u>\$ (932,557)</u>	<u>\$ 715,578</u>	<u>\$ 2,646,075</u>
Cash per financial statements						
Cash and cash equivalents - Government Activities Exhibit A-1						\$ 2,470,805
Fiduciary funds - Exhibit D-1						<u>175,270</u>
						<u>\$ 2,646,075</u>

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
SCHEDULE OF CASH RECONCILIATIONS
JUNE 30, 2019

Schedule VIII

Primary Government

	Operational 11000	Transportation 13000	Instructional Materials 14000	Food Services 21000	Athletics 22000
Cash, June 30, 2018	\$ 897,944	\$ 72,141	\$ 23,949	\$ 416,087	\$ 21,151
Add:					
Current year revenues	7,629,029	303,212	30,325	436,023	31,312
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans from other funds	-	-	-	-	-
Total cash available	8,526,973	375,353	54,274	852,110	52,463
Less:					
Current year expenditures	(6,559,347)	(313,234)	(9,399)	(526,748)	(25,105)
Permanent cash transfers	-	(36,070)	-	-	-
Prior period adjustment	-	-	-	-	-
Loans to other funds	(390,375)	-	-	-	-
Cash, June 30, 2019	<u>\$ 1,577,251</u>	<u>\$ 26,049</u>	<u>\$ 44,875</u>	<u>\$ 325,362</u>	<u>\$ 27,358</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
SCHEDULE OF CASH RECONCILIATIONS
JUNE 30, 2019

Schedule VIII

Primary Government

	Federal Flowthrough 24000	Federal Direct 25000	State Flowthrough 27000	State Direct 28000	Local / State 29000
Cash, June 30, 2018	\$ (360,585)	\$ (2,170)	\$ (43,515)	\$ (7,087)	\$ 114,934
Add:					
Current year revenues	671,584	66,403	208,715	10,686	19,704
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans from other funds	357,851	3,950	42,423	7,087	-
Total cash available	668,850	68,183	207,623	10,686	134,638
Less:					
Current year expenditures	(578,558)	(60,932)	(190,513)	(10,686)	(37,990)
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans to other funds	(25,518)	-	-	-	(152)
Cash, June 30, 2019	<u>\$ 64,774</u>	<u>\$ 7,251</u>	<u>\$ 17,110</u>	<u>\$ -</u>	<u>\$ 96,496</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
SCHEDULE OF CASH RECONCILIATIONS
JUNE 30, 2019

Schedule VIII

Primary Government	Special Capital Outlay - State 31400	Capital Improvements SB-9 - State 31700	Capital Improvements SB-9 - Local 31701	Educational Tech Equip 31900	Debt Service 41000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash, June 30, 2018	\$ 13,268	\$ 711	\$ 160,855	\$ 4,003	\$ 39,759
Add:					
Current year revenues	-	-	316,145	29	282,080
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans from other funds	-	4,734	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total cash available	13,268	5,445	477,000	4,032	321,839
Less:					
Current year expenditures	-	(5,445)	(259,747)	(3,809)	(284,280)
Permanent cash transfers	-	-	-	-	-
Prior period adjustment	-	-	-	-	-
Loans to other funds	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Cash, June 30, 2019	<u>\$ 13,268</u>	<u>\$ -</u>	<u>\$ 217,253</u>	<u>\$ 223</u>	<u>\$ 37,559</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
SCHEDULE OF CASH RECONCILIATIONS
JUNE 30, 2019

Schedule VIII

Primary Government	Education Technology Debt Service 43000	Total
	<u> </u>	<u> </u>
Cash, June 30, 2018	\$ 15,937	\$ 1,367,382
Add:		
Current year revenues	165,619	10,170,866
Permanent cash transfers	-	-
Prior period adjustment	-	-
Loans from other funds	-	416,045
	<u> </u>	<u> </u>
Total cash available	181,556	11,954,293
Less:		
Current year expenditures	(165,580)	(9,031,373)
Permanent cash transfers	-	(36,070)
Prior period adjustment	-	-
Loans to other funds	-	(416,045)
	<u> </u>	<u> </u>
Cash, June 30, 2019	<u>\$ 15,976</u>	<u>\$ 2,470,805</u>

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
SCHEDULE OF JOINT POWERS AGREEMENTS
JUNE 30, 2019

Schedule IX

Title: Regional Education Cooperative Joint Powers Agreement

Participants: Raton Public School District No. 11 and High Plains Regional Education Cooperative #3

Responsible Party: High Plains Regional Education Cooperative #3's Governing Council

Description: The parties have agreed to form a Regional Education Cooperative to participate in cooperative programs relating to education related services, provide professional services to the districts, and provide other optional services as needed.

Dates of Operation: August 24, 2012 until either party gives Notice of Intent to Terminate pursuant to the agreement.

Projected Cost: None

Audit Responsibility: High Plains Regional Education Cooperative #3

Fiscal Agent: High Plains Regional Education Cooperative #3

Reporting Agency: High Plains Regional Education Cooperative #3

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

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COMPLIANCE SECTION



Manning Accounting and Consulting Services, LLC

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

INDEPENDENT AUDITORS REPORT

Brian Colón, New Mexico State Auditor
The Office of Management and Budget
And the Board of Education of
Raton Public School District No. 11
Raton, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue funds of the Raton Public School District No. 11 (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and the combining and individual funds of the District presented as supplementary information, and have issued our report thereon dated November 6, 2019.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses. (FS 2019-001, and FS 2019-002)

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

Compliance and Other Matters

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

Response to Findings

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

Purpose of this Report

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

Manning Accounting and Consulting Services, LLC

Manning Accounting and Consulting Services, LLC
Kirtland, New Mexico
November 6, 2019

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FEDERAL FINANCIAL ASSISTANCE



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

INDEPENDENT AUDITOR'S REPORT

Brian Colón, New Mexico State Auditor
The Office of Management and Budget
And the Board of Education of
Raton Public School District No. 11
Raton, New Mexico

Report on Compliance for Each Major Federal Program

We have audited the Raton Public School District No. 11'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 auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Other Matters

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

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

Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies 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, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items FA 2019-001 and FA 2019-002 that we consider to be significant deficiencies.

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

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

Manning Accounting and Consulting Services, LLC

Manning Accounting and Consulting Services, LLC
Kirtland, New Mexico
November 6, 2019

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

Federal Grantor or Pass-Through Grantor / Program Title	Passthrough Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Education			
<i>Passthrough State of New Mexico Public Education Department</i>			
Special Education Cluster (IDEA)			
IDEA B - Entitlement	24106	84.027	\$ 214,339
IDEA-B Results Plan	24132	84.027	42,607
New Mexico Autism Project	24108	84.027A	5,309
IDEA-B Preschool	24109	84.173	24,662
Total Special Education Cluster (IDEA)			<u>286,917</u>
Other Programs (Treated individually for major program determination)			
Title I IASA	24101	84.010	232,516
Teacher/Principal Training & Recruiting	24154	84.367	51,416
Rural & low-Income Schools	24160	84.358	19,159
Student Support Academic Achievement Title IV	24189	84.424A	18,204
Total Other Programs			<u>321,295</u>
<i>Subtotal - Passthrough State of New Mexico Public Education Department</i>			<u>608,212</u>
<i>Direct U.S. Department of Education</i>			
Other Programs (Treated individually for major program determination)			
Impact Aid			
Impact Aid	11000	84.041	17,807
Total U.S. Department of Education			<u>626,019</u>
U.S. Department of Agriculture			
<i>Direct U.S. Department of Agriculture</i>			
Other Programs (Treated individually for major program determination)			
Forest Reserve	11000	10.672	17,808
<i>Subtotal - Direct U.S. Department of Agriculture</i>			<u>17,808</u>
<i>Passthrough State of New Mexico Public Education Department</i>			
Other Programs (Treated individually for major program determination)			
Fresh Fruit and Vegetables	24118	10.582	11,834
USDA Equipment Grant	24183	10.579	21,846
Total Other Programs			<u>33,680</u>
Child Nutrition Cluster			
USDA School Breakfast Program (1)	21000	10.553	161,935
National School Lunch Program (1)	21000	10.555	371,810
Total Child Nutrition Cluster			<u>533,745</u>
<i>Passthrough State of New Mexico Human Services Department</i>			
Food Distribution (Commodities)	21000	10.565	41,199
<i>Subtotal - Passthrough State of New Mexico Public Education Department</i>			<u>545,579</u>
<i>Subtotal - Passthrough State of New Mexico Human Services Department</i>			<u>41,199</u>
Total U.S. Department of Agriculture			<u>626,432</u>
Total Federal Financial Assistance			<u>\$ 1,252,451</u>

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

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

2. Sub recipients

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

3. Non Cash Federal Assistance

The District receives USDA commodities for use in sponsoring the National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2019 was \$41,199 and is reported in the Schedule of Expenditures of Federal Awards under the Department of Agriculture Commodities program, CFDA number 10.565. Commodities are recorded as revenues and expenditures in the Food Service Fund.

4. Indirect Cost Rate

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Certain of the District's federal award programs have been charged with indirect costs, based upon a rate established by the State of New Mexico, and the District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance applied to overall expenditures. The District's indirect cost rate for the year was 2.76%

5. Matching Costs

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

6. Insurance

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

7. Loan or Loan Guarantees

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

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

Total federal awards expended per Schedule of Expenditures of Federal Awards	\$ 1,252,451
Total expenditures funded by other sources	<u>8,560,093</u>
Total expenditures	<u><u>\$ 9,812,544</u></u>

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Section I – Summary of Audit Results

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditor’s report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness in internal control identified? | Yes |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| c. Noncompliance material to financial statements noted? | None Noted |

Federal Awards:

- | | |
|---|------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | None Noted |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes |
| 2. Type of 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-200.516(a)? | None Noted |
| 4. Identification of major programs: | |

CFDA Number	Federal Program
10.553 and 10.555	Child Nutrition Cluster

- | | |
|---|-----------|
| 5. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 |
| 6. Auditee qualified as low-risk auditee? | Yes |

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule XI

Section II – Financial Statement Findings

FS 2019-001 – Internal Control Issues for Payroll (Material Weakness)

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

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

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

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

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

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

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

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

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

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

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

- (1) for the remainder of that calendar year, no additional member contributions or local administrative unit contributions for that member shall be made pursuant to this section; provided that no member shall be denied service credit solely because contributions are not made by the member or on behalf of the member pursuant to the provisions of this subsection; and
- (2) the amount of the annual compensation limit shall be divided into four equal portions, and, for purposes of attributing contributory employment and crediting service credit, each portion shall be attributable to one of the four quarters of the calendar year.

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

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

Section II – Financial Statement Findings (Continued)

FS 2019-001 – Internal Control Issues for Payroll (Material Weakness) (Continued)

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

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

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

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

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

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

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

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

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

Condition: During our review of ERB and RHC wage report we noted the following issues:

- ERB issues
 - The amount reported in the District's general ledger differs significantly from the reports submitted to the State. The District's general ledger shows gross payroll of \$5,024,144 whereas the report submitted to the State for ERB shows the District's covered payroll at \$4,107,043, a difference of \$917,101.
 - The report to ERB reports employer contributions of \$590,751 while the general ledger lists ERB expenditures of \$662,131, a difference of \$71,380.
 - However, review of detail indicates that the June report transmitted to ERB listed total ERB amounts and remittances of \$99,409, but the District transmitted \$99,818.89 on 7/17/2019 and \$126,181.06 in September for the June payrolls, a total of \$225,999.95.
 - One employee was discovered during our review of payroll who did not have ERB deductions of 7.90% taken from his payroll. The District was also not providing its matching requirements of 13.90% on the employee.
 - In one of three months tested the ERB, contributions were transmitted on the 16th of the month and the report was not transmitted until the 19th of the month rather than on the 15th of the month as required.

Section II – Financial Statement Findings (Continued)

FS 2019-001 – Internal Control Issues for Payroll (Material Weakness) (Continued)

- RHC issues
 - The amount reported in the District's general ledger differs significantly from the reports submitted to the State. The District's general ledger shows gross payroll of \$5,024,144 whereas the report submitted to the State for RHC shows the District's covered payroll at \$4,204,604, a difference of \$819,540.
 - The report to RHC reports employer contributions of \$84,092 while the general ledger lists RHC expenditures of 93,343, a difference of \$92,51.
 - However, review of detail indicates that the June report transmitted to RHC listed total RHC amounts and remittances of \$12,259.49, but the District transmitted \$12,259.49 on 7/22/2019; \$1,311.24 on 8/12/2019, \$8,859 on 8/12/2019, and \$5,315.28 on 9/19/2019 for the June payrolls, a total of \$27,745.89.
 - One employee was discovered during our review of payroll who did not have RHC deductions of 1.0% taken from his payroll. The District was also not providing its matching requirements of 2.0% on the employee.
 - In one of three months tested the RHC, the District submitted its RHC report on the 11th of the month rather than the 10th of the month as required.

The amounts actually transmitted to the State of both ERB and RHC indicate that the District may be submitting the proper payment of amounts owed but that it is incorrectly reporting payroll amounts and distribution amounts.

During our review of personnel files, we discovered three employees whose insurance deductions were less than the amount prescribed by statute. One of employee's contract was greater than \$15,000 and less than \$20,000 and should have had deductions at 30% - 70%. The District was making deductions for an employee making less than \$15,000. The other two employees were not having enough deducted from their pay for their insurance premiums for a few months during the year but was corrected prior to the audit but there was no recoupment of the underpaid premiums from any of the employees.

Cause: The District has not followed state guidelines in regards to employee contribution limits and mandatory deductions.

Effect: The District's improper calculation of employee withholdings has resulted in employees having less withheld from their paycheck than statute requires for health benefits. Additionally, an employee had not been coded correctly for retirement and retiree healthcare deductions to be withheld or for the District's share of contributions to be made. As such, the employee was not earning credit towards retirement or retiree health benefits for the year.

Auditor's Recommendation: We recommend that the District:

- Review and amend all previous reports for ERB and RHC for 2018-2019 which do not reflect correct amounts.
- Review payroll files to ensure that employee contributions are being calculated and withheld properly.
- Review payroll files to make sure all employees who are required to make ERB and RHC contributions are flagged properly to withhold deductions.
- Make required contributions for the employee's wages and the District's matching amounts which were not properly withheld from employees.

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Schedule XI

Section II – Financial Statement Findings (Continued)

FS 2019-001 – Internal Control Issues for Payroll (Material Weakness) (Continued)

Responsible Official's Plan:

- Specific corrective action plan for finding:
Raton Public Schools will create an internal control to print and research the deduction records and make sure that all contributions are correct. Each employee who was found with incorrect contributions will receive a Form from the payroll specialist to complete and submit to ERB.

- Timeline for completion of corrective action plan:
By the beginning of the school year, all employee deductions and benefit schedules will be evaluated and corrected as needed.

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

Section II – Financial Statement Findings (Continued)

FS 2019-002 – Failure to Timely Remit Federal Withholding Taxes as Required (Material Weakness)

Criteria: According to IRS Publication 15 employers are required to file 941 reports for employment tax withholdings and remit payments according to a prescribed schedule depending on the total value of those tax deposits and are required to make semiweekly federal unemployment tax deposits. Failure to remit taxes on time can result in penalties and interest being assessed. When withheld taxes for a single payroll period are greater than \$100,000 an employer is required to make their tax payment the next business day.

Condition: The District failed to make its tax payment for withheld checks timely as required. As an example, the District had paid employees their summer checks in June but did not remit the withheld taxes until July and September. The amount of the taxes withheld were \$44,577.80 which was submitted on 7/23/2019, though it was required to be submitted within five days, and \$103,149.42 which was submitted on 9/13/2019, though it was required to be submitted on the next day.

Cause: The District personnel did not fully understand the tax laws and provisions and didn't pay the required deposits on a timely basis.

Effect: The District was not in compliance with federal tax law and will likely be fined by the IRS. The failure to pay the June taxes timely may result in a fine in excess of \$10,000.

Auditor's Recommendation: We recommend that the District complete all federal tax reports and make all deposits in a timely manner.

Responsible Official's View:

- Specific corrective action plan for finding:
The District will complete all federal tax reports and make appropriate deposits in a timely manner.
- Timeline for completion of corrective action plan:
Fall 2019
- Employee position(s) responsible for meeting the timeline:
Business Manager & Payroll Specialist

Section II – Financial Statement Findings (Continued)

FS 2019-003 – Cash and Related Reconciliation Issues (Significant Deficiency)

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

A. School districts shall establish and maintain a cash management program to safeguard cash and provide prompt and accurate reporting that adheres to cash management requirements of the office of management and budget (OMB) Circular A-102, and applicable state and federal laws and regulations.

B. The school district shall issue a factory pre-numbered receipt for all money received. Pre-numbered receipts are to be controlled and secured. If a receipt is voided, all copies shall be marked "VOID" and retained in the receipt book.

C. Money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day. If the distance to the bank is considerable, or the cash collection is limited to small amounts and/or low volume and it is impractical to meet the twenty-four hour/one banking day requirement, the local board may request approval from the department for an alternative plan. The bank deposit slip shall have the numbers from applicable receipts entered on it or attached as a reference.

D. A cash receipts journal is to be used for each fiscal year beginning July 1 and ending June 30, and is to be presented to the school district's auditor during the annual audit.

J. **The school district shall maintain a cash control ledger for each fund/subfund where all transactions affecting cash are recorded. Cash balances reported to the department shall be the same as the district's cash control ledger and annual audit.**

K. **All bank accounts shall be reconciled on a monthly basis. Reconciled bank statements are to be reviewed by the business manager and/or assistant superintendent for business administration. The bank statement, deposit slips, and canceled checks shall be made available to the district's auditor during the annual audit.**

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

- There is no indication on bank reconciliations that they are being reviewed by a second individual.
- Stale dated checks are not properly removed from the outstanding lists for operational and activity accounts.
- The clearing bank account is not listed on the state cash report.
- The activity bank account is not listed on the state cash report.
- The clearing account has shown a balance and a correlating outstanding check amount equal to the balance. However, after review of the account, the bank contained \$17,335 more than the existing outstanding checks. This amount was accounted for through a journal entry through the audit.

Cause: The District had never included the clearing account on the state cash report and had always listed outstanding checks matching the balance in the bank as it was assumed that amounts had only been moved there when payroll was run and the items would match. The stale dated items are items hung in the system that the new business manager was not sure how to clear from the system. The District had also never thought of the need of having a secondary review of the cash reconciliations which are signed and initialed to indicate the review has taken place.

The District was interested in trying to close down the clearing account and clear out all items to verify amounts related to the bank.

Effect: No secondary review was being done to add a dual control on cash. Additionally, total District cash has not been fairly presented.

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Schedule XI

Section II – Financial Statement Findings (Continued)

FS 2019-003 – Cash and Related Reconciliation Issues (Significant Deficiency) (Continued)

Auditors' Recommendations: We recommend that the District's bank reconciliations be completed in a timely and accurate manner that a secondary review be done on bank reconciliations with the reviewer signing and dating the reconciliation. We agree with the District that the clearing account be closed as it doesn't provide anything to the District except increase the work load of District personnel. Finally, the District should work with Visions to identify how to clear the old items out of the system.

Responsible Official's Plan:

- Specific corrective action plan for finding:
The Business Manager will present the bank reconciliations to another team member to review and sign before filing. The closing of the clearing account will be presented to the Board of Education and funds transferred back to the GO account. The Business Manager has contacted Visions for support in clearing stale dated items.

- Timeline for completion of corrective action plan:
Fall 2019

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

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Schedule XI

Section III – Federal Award Findings

FA 2019-001 – Procurement and Suspension and Debarment (Significant Deficiency)

Federal Program Information:

Funding Agency: U.S. Department of Agriculture
Title: USDA National School Lunch
USDA School Breakfast Program
CFDA Number: 10.555 and 10.553
Passthrough: New Mexico Public Education Department (21000)
Award Year: 2019

Criteria: Uniform Grant Guidance and 2 CFR Part 200 Subpart C and D:

Non-federal entities are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180. These regulations restrict awards, sub awards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

§

When procuring property and services under a Federal award, a state must follow the same policies and procedures it uses for procurements from its non-Federal funds. The state will comply with §200.322 Procurement of recovered *materials* and ensure that every purchase order or other contract includes any clauses required by section §200.326 Contract provisions. All other non-Federal entities, including sub recipients of a state, will follow §§200.318 General procurement standards through 200.326 Contract provisions.

(a) The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part.

(b) Non-Federal entities must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.

In addition to other provisions required by the Federal agency or non-Federal entity, all contracts made by the non-Federal entity under the Federal award must contain provisions covering the following, as applicable.

(H) Debarment and Suspension (Executive Orders 12549 and 12689)—A contract award (see 2 CFR 180.220) must not be made to parties listed on the government-wide exclusions in the System for Award Management (SAM), in accordance with the OMB guidelines at 2 CFR 180 that implement Executive Orders 12549 (3 CFR part 1986 Comp., p. 189) and 12689 (3 CFR part 1989 Comp., p. 235), “Debarment and Suspension.” <https://www.sam.gov/portal/public/SAM/> SAM Exclusions contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than Executive Order 12549.

Condition: During our testing of single audit disbursements, we identified multiple vendors which would meet the requirement of verifying that the vendors were not suspended or debarred or otherwise excluded from receiving the contract which was funded through Federal dollars. These vendors received more than \$25,000 in payments from the District from Federal grant sources. These vendors are not currently suspended or debarred from receiving Federal contracts; however, the District did not have proper internal controls in place to verify this prior to the purchase.

Questioned Costs: None

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
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Schedule XI

Section III – Federal Award Findings (Continued)

FA 2019-001 – Procurement and Suspension and Debarment (Significant Deficiency) (Continued)

Cause: District personnel did not verify that vendors which meet the \$25,000 thresholds are not suspended, debarred, or otherwise excluded from participating in contracts funded through Federal awards due to a misunderstanding of staff personnel regarding this requirement.

Effect: The District is not in compliance with Federal regulations related to the grant and could put funding in jeopardy or require the District to reimburse the program for improper grant distributions.

Auditor's Recommendation: We recommend that the District establish a policy and implement procedures regarding large purchases related to Federal grants to ensure that no vendors who are suspended, debarred, or otherwise excluded from participating in transactions funded through Federal grants are used. As identified above, there are several methods in which the District can verify vendors are not suspended or debarred. The District may have the vendor provide an annual certification that it is not currently suspended, debarred, or otherwise prevented from receiving Federal dollars. In other occasions in which a single purchase is going to be made, the purchasing procedures should include looking up the vendor on the GSA website, printing a copy of the verification, and placing it in the file with the purchase order. The District has options, and it should establish what method is the least intrusive but also effective in complying with the requirements of the Uniform Grant Guidance.

Responsible Official's Plan:

- Specific corrective action plan for finding:
Raton Public Schools will implement internal controls and procedures in procurements using Federal grants to include having the vendor provide a certification that it is not suspended or debarred, as well as a valid search using the GSA website as needed.
- Timeline for completion of corrective action plan:
Update to internal controls policy is currently being evaluated and updated for Board of Education approval.
- Employee position(s) responsible for meeting the timeline:
Business Manager

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
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Schedule XI

Section III – Federal Award Findings (Continued)

FA 2019-002 – Improper Cost Allocation (Significant Deficiency)

Federal Program Information:

Funding Agency: U.S. Department of Education
Title: USDA National School Lunch Program
USDA School Breakfast Program
CFDA Number: 10.555 and 10.553
Passthrough: New Mexico Department of Education (21000)
Award Year: 2019

Criteria: 2 CFR Chapter I, and Chapter II, Parts 200, 215, 220, 225, and 230 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

§ 200.405 Allocable costs

- (a) A cost is allocable to a particular Federal award or other cost objective if the goods or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received. This standard is met if the cost:
- (1) Is incurred specifically for the Federal award;
 - (2) Benefits both the Federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods; and
 - (3) Is necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award in accordance with the principles in this subpart
- (b) All activities which benefit from the non-Federal entity's indirect (F&A) cost, including unallowable activities and donated services by the non-Federal entity or third parties, will receive an appropriate allocation of indirect costs.
- (c) Any cost allocable to a particular Federal award under the principles provided for in this part may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms and conditions of the Federal awards, or for other reasons. However, this prohibition would not preclude the non-Federal entity from shifting costs that are allowable under two or more Federal awards in accordance with existing Federal statutes, regulations, or the terms and conditions of the Federal awards.
- (d) Direct cost allocation principles. If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then, notwithstanding paragraph (c) of this section, the costs may be allocated or transferred to benefitted projects on any reasonable documented basis. Where the purchase of equipment or other capital asset is specifically authorized under a Federal award, the costs are assignable to the Federal award regardless of the use that may be made of the equipment or other capital asset involved when no longer needed for the purpose for which it was originally required. See also §§200.310 Insurance coverage through 200.316 Property trust relationship and 200.439 Equipment and other capital expenditures.

Condition: The District paid an employee out of two separate funds and is not doing their time and effort to verify funds are being charged their proper proportional rate.

Additionally, the food service provider contracted by the District was not charging the correct management fee on meals served. The fee per contract was \$0.091 but charged \$0.113 in October 2018, an overcharge of \$553.08, and charged \$0.093 in February 2019, an overcharge of \$70.27.

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Schedule XI

Section III – Federal Award Findings (Continued)

FA 2019-002 – Improper Cost Allocation (Significant Deficiency) (Continued)

Questioned Costs: Immaterial

Cause: The District did not complete their time and effort reporting as required.

Effect: The District is not in compliance with Federal regulations related to the grant and could put funding in jeopardy or require the District to reimburse the program.

Auditor's Recommendation: The District should ensure that it is not expending funds in a greater proportion than the cost pertaining to the federal programs and completing all required reports.

Responsible official's view:

- Specific corrective action plan for finding:
Raton Public Schools will provide each employee who is paid from a Federal grant the proper time and effort report. The reports will be kept in secure location and presented to the employee before the end of each semester.
- Timeline for completion of corrective action plan:
Fall 2019
- Employee position(s) responsible for meeting the timeline:
Business Manager

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Schedule XI

Section IV – Section 12-6-5 NMSA 1978 Findings

NM 2018-001 – Improper Cash Controls for Outstanding Warrants and Restricted Funds (Other Non-compliance) Repeated and Revised

Criteria: 6.20.2.14 NMAC 1978: CASH CONTROL STANDARDS:

I. Vouchers shall be numbered in such a manner as to provide a cross-reference between the voucher, the check, and the check register. All blank checks shall be properly safeguarded and an inventory of unused checks shall be taken periodically. Completed vouchers and supporting documentation is to be placed in numerical sequence, by the month in which they were paid, and filed for future reference and annual audit.

(1) Each warrant or check issued shall have printed on its face the words, "void after one year from date". **Whenever any warrant or check is unpaid for one year, the fiscal officer shall cancel it in accordance with Section 6-10-57(A), NMSA 1978.**

(2) The fiscal officer shall keep a register of all canceled warrants/checks. The register shall show the number, date and amount, name of payee, fund out of which it was payable, and date of cancellation. The face amount shall revert and be credited to the fund against which the warrant/check was drawn.

6-10-57 NMSA 1978 Cancellation of Warrants:

A. Whenever any warrant issued by the state, county, municipality, school district or special district is unpaid for one year after it becomes payable, the fiscal officer shall cancel it.

B. The fiscal officer shall keep a register of all canceled warrants. The register shall show the number, date and amount of each warrant, the name of the person in whose favor it was drawn, the fund out of which it was payable and the date of cancellation.

C. The face amount of each warrant canceled shall revert and be credited to the fund against which the warrant was drawn.

D. Warrants canceled under Subsection A of this section are void and the indebtedness evidenced thereby is extinguished, which is hereby declared to be an express condition of every contract under which state warrants are issued except that:

(1) the department of finance and administration may issue a new warrant on a voucher issued by the commissioner of revenue [director of the revenue division of the taxation and revenue department] if a claim for refund was approved under Section 7-1-26 NMSA 1978, and if a warrant was issued and that warrant canceled under Subsection A of this section on or after January 1, 1970; and

(2) any fiscal officer may issue a new warrant for a canceled payroll warrant upon a voucher issued by the responsible employing authority certifying that the services for which the canceled payroll warrant had been issued were in fact rendered and that payment therefor had not been made, if:

(a) there is sufficient money in the fund from which the original payroll warrant was drawn to cover the new warrant; or

(b) if a suspense fund has been established in accordance with the provisions of Subsection E of this section and there is sufficient money in the suspense fund to cover the new warrant.

E. If any payroll warrants payable from an account which reverts at the end of a fiscal year to a general fund is canceled, the fiscal officer shall create a suspense fund in the amount of the total canceled payroll warrants and withhold that amount from reversion. Canceled payroll warrants shall be paid from the suspense fund.

F. Each warrant issued by the state, county, municipality or school district shall have printed on its face the words, "void after one year from date."

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Schedule XI

Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)

NM 2018-001 – Improper Cash Controls Outstanding Warrants (Other Non-compliance) Repeated and Revised (Continued)

Condition: During our review of cash we observed the following issues:

- The District had stale dated checks which had not been voided according to the above standards.
 - Checks dated 11/07/17 for \$171.88 and 4/11/18 for \$90.06 were still outstanding at 6/30/19
 - The District had outstanding deposits dated:
 - 1/9/17 for \$494.36
 - 11/30/2016 for \$10.61
 - 1/13/17 \$4.30
- The District's activity funds had stale dated checks dated:
 - 5/4/12 for \$16.50
 - 5/21/12 for \$230.00
 - 11/22/13 for \$176.00
 - 9/26/17 for \$126.00
 - 5/22/18 for \$206.11
- Cash from two special revenue funds were loaned to other special revenue funds in the amount of \$25,518 (24160) and \$152 (29107).

In the prior year's audit, it was noted that \$35,382 of cash from one fund was used as loans to other funds. Additionally, it was noted that three checks totaling \$423 had not been cancelled.

Cause: The district has not voided warrants which are more than one year old.

Effect: The District has not maintained sufficient internal controls to identify warrants more than one year old and has not followed proper guidance in the recording and voiding of outstanding checks. This results in cash not being recorded at the proper amount.

Auditor's Recommendation: We recommend that management adequately monitor outstanding warrants and ensure that internal control procedures are in place to remove outstanding warrants from the District's assets and liabilities.

Responsible Official's Plan:

- Specific corrective action plan for finding:
The Business Manager will audit the outstanding checks each quarter and monitor the stale dated items.
- Timeline for completion of corrective action plan:
Fall 2019
- Employee position(s) responsible for meeting the timeline:
Business Manager & Accounts Payable

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Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)

NM 2019-001 – Budgetary Controls (Other Non-compliance)

Criteria: 2.2.2.10 NMAC 1978 GENERAL CRITERIA:

Q. Budgetary presentation:

(2) The differences between the budgetary basis and GAAP basis revenues and expenditures shall be reconciled. If the required budgetary comparison information is included in the basic financial statements, the reconciliation shall be included on the statement itself or in the notes to the financial statements. If the required budgetary comparison is presented as RSI, the reconciliation to GAAP basis shall appear in either a separate schedule or in the notes to the RSI (AAG-SLV 11.14). **The notes to the financial statements shall disclose the legal level of budgetary control for the entity and any excess of expenditures over appropriations at the legal level of budgetary control. The legal level of budgetary control for local governments is at the fund level. The legal level of budgetary control for school districts is at the function level.**

R. Appropriations:

(1) Budget related findings:

(a) If actual expenditures exceed budgeted expenditures at the legal level of budgetary control, that fact shall be reported in a finding and disclosed in the notes to the financial statements.

(b) If budgeted expenditures exceed budgeted revenues (after prior-year cash balance and any applicable federal receivables used to balance the budget), that fact shall be reported in a finding. This type of finding shall be confirmed with the agency’s budget oversight entity (if applicable).

All District funds, with the exception of agency funds, are to be budgeted by the local governing body and submitted to the Public Education Department for approval. Cash balances re-budgeted to make up for deficit budgeted revenues that do not cover the budgeted expenditures cannot exceed the actual cash balance available at the end of the prior year.

Additionally, **22-8-11 NMSA 1978 BUDGETS; APPROVAL OF OPERATING BUDGET:**

B. No School district or state-chartered school or officer or employee of a school district or state-chartered school shall make any expenditure or incur any obligation for the expenditure of public funds unless that expenditure or obligation is made in accordance with an operating budget approved by the department. This prohibition does not prohibit the transfer of funds pursuant to the department’s rules and procedures.

Condition: During our review of budgets and related expenditures, we noted that the District had expenditures in excess of budget in the following funds:

Fund #	Fund and Function	Amount
41000	Debt Service - General Administration	\$ 105
43000	Education Technology - General Administration	12
	Total	<u>\$ 117</u>

Cause: The District’s budget analyst normally sets the amount of this budget which covers the 1% fee charged to school districts by county treasurers for collecting the property tax revenues. However, if the District collects more taxes than the State estimates it can cause a budget deficit if the amount is not modified during the year.

Effect: The District has expended funds in excess of its budget authority.

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Schedule XI

Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)

NM 2019-001 – Budgetary Controls (Other Non-compliance) (Continued)

Auditor's Recommendation: We recommend that the District work with the budget analyst to always budget excess funds in this line item to cover for any unexpected collections in property tax revenues. Adjustments should be made to budget balances in any function where there may be expenditures in excess of budget.

Responsible Official's Plan:

- Specific corrective action plan for finding:
The District will work with the Budget analyst to budget enough funds in the 41000 and 43000 to cover unexpected collections in property tax revenues.
- Timeline for completion of corrective action plan:
Fall 2019
- Employee position(s) responsible for meeting the timeline:
Business Manager

Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)

NM 2019-002 – Background Checks and Licensing (Other Non-compliance)

Criteria: 22-10A-5 NMSA 1978 Background checks; known convictions; alleged ethical misconduct; reporting required; limited immunity; penalty for failure to report.

C. Local school boards and regional education cooperatives shall develop policies and procedure to **require background checks on an applicant who has been offered employment, a contractor or a contractor's employee with unsupervised access to students at a public school.**

D. **An applicant for employment who has been initially licensed within twenty-four months of applying for employment with a local school board, regional education cooperative or a charter school shall not be required to submit to another background check if the department has copies of the applicant's federal bureau of investigation records on file.** An applicant who has been offered employment, a contractor or a contractor's employee with unsupervised access to students at a public school shall provide two fingerprint cards or the equivalent electronic fingerprints to the local school board, regional education cooperative or charter school to obtain the applicant's federal bureau of investigation record. The applicant, contractor or contractor's employee who has been offered employment by a regional education cooperative or at a public school may be required to pay for the cost of obtaining a background check. **At the request of a local school board, regional education cooperative or charter school, the department is authorized to release copies of federal bureau of investigation records that are on file with the department and that are not more than twenty-four months old.** Convictions of felonies or misdemeanors contained in the federal bureau of investigation record shall be used in accordance with the Criminal Offender Employment Act; provided that other information contained in the federal bureau of investigation record, if supported by independent evidence, may form the basis for the employment decisions for good and just cause. Records and related information shall be privileged and shall not be disclosed to a person not directly involved in the employment decision affecting the specific applicant who has been offered employment, contractor or contractor's employee with unsupervised access to students at a public school.

Additionally **22-10A-3 NMSA 1978** states:

A. Except as otherwise provided in this subsection, any person teaching, supervising an instructional program or providing instructional support services in a public school or state agency; any person administering in a public school; and any person providing health care and administering medications or performing medical procedures in a public school shall hold a valid license or certificate from the department authorizing the person to perform that function. This subsection does not apply to a person performing the functions of a practice teacher as defined by the state board [department].

C. A person performing the duties of a licensed school employee who does not hold a valid license or certificate or has not submitted a complete application for licensure or certification within the first three months from beginning employment duties shall not be compensated thereafter for services rendered until he demonstrates that he holds a valid license or certificate. This section does not apply to practice teachers as defined by rules of the state board [department].

Condition: During our review of personnel files we noted several instances where required documentation was not found in the employees personnel file.

- In 16 of the 40 files reviewed there was no copy of the FBI background check in the file.

Cause: The District has not followed State guidelines in regards to documentation of background checks. The District had been under the impression that if the license was in good standing with the State that this meant the employee had received a background check.

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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Schedule XI

Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)

NM 2019-002 – Background Checks and Licensing (Other Non-compliance) (Continued)

Effect: The District's failure to maintain a background check report in the employee file is a violation of State statute and puts the District at additional risk of liability for any actions that may arise regarding employees.

Auditor's Recommendation: We recommend that the District adhere to State policy regarding FBI background checks and ensure they are properly maintained within the employee personnel files.

Responsible Official's View:

- Specific corrective action plan for finding:
All employees including new hires and current will sign the Authorization to Release Copy of FBI Background Check Report furnished by NMPED at the time that Contracts are signed. The HR Specialist will submit the form for all noted employees to NMPED in anticipation of receiving a copy of the Background check and file in the personnel files.

- Timeline for completion of corrective action plan:
Fall 2019

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

Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)

NM 2019-003 – Purchase Orders Payment Authorization, Receiving, and Supporting Documentation (Other Non-compliance)

Criteria: Per the New Mexico Manual of Procedures for Public School Accounting and Budgeting, Supplement 13 – Purchasing, “**the preparation and execution of a duly authorized purchase order must precede the placement of any order for goods, services, or construction....For each individual purchase contract, a receiving document or other recording instrument (i.e., electronic) shall be present at the delivery site to record the delivery of items or service. Upon verifying and recording the receipt of all the items or services ordered, the receiving document or recording instrument shall be manually or electronically signed by authorized receiving personnel and processed for payment according to procedures established by school district or charter school boards’ of education local procedures.**”

13-1-157 NMSA 1978 Receipt; inspection; acceptance or rejection of deliveries.

The using agency is responsible for inspecting and accepting or rejecting deliveries. The using agency shall determine whether the quantity is as specified in the purchase order or contract and whether the quality conforms to the specifications referred to or included in the purchase order or contract. If inspection reveals that the delivery does not conform to the quantity or quality specified in the purchase order or contract, the using agency shall immediately notify the central purchasing office. The central purchasing office shall notify the vendor that the delivery has been rejected and shall order the vendor to promptly make a satisfactory replacement or supplementary delivery. In case the vendor fails to comply, the central purchasing office shall have no obligation to pay for the nonconforming items of tangible personal property. **If the delivery does conform to the quantity and quality specified in the purchase order or contract, the using agency shall certify to the central purchasing office that delivery has been completed and is satisfactory.**

Additionally, [13-1-158 NMSA 1978](#) states:

“No warrant, check or other negotiable instrument shall be issued in payment for any purchase of services, construction or items of tangible personal property unless the central purchasing office or the using agency certifies that the services, construction or items of tangible personal property have been received and meet specifications or unless prepayment is permitted under [Section 13-1-98](#) NMSA 1978 by exclusion of the purchase from the Procurement Code [[13-1-28](#) NMSA 1978].”

13-1-158 NMSA 1978 Payments for purchases

Except as provided in Subsection D of this section, upon certification by the central purchasing office or the using agency that services, construction, or items of tangible personal property have been received and accepted, payment shall be tendered to the contractor within thirty days of the date of certification. If payment is made by mail, the payment shall be deemed tendered on the date it is postmarked. After the thirtieth day from the date that written certification of acceptance is issued, late payment charges shall be paid on the unpaid balance due on the contract to the contractor at the rate of one and one-half percent per month. For purchases funded by state or federal grants to the local public bodies, if the local public body has not received the funds from the federal or state funding agency, payments shall be tendered to the contractor within five working days of receipt of funds from that funding agency.

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

- In 8 of 40 items reviewed the goods and or services were invoiced prior to the authorization of a purchase order. The value of these purchases ranged from \$54.00 to \$429.72
- In 7 of 40 items reviewed there was no receiving documentation. The value of these purchases ranged from \$30.38 to \$3,760.00

STATE OF NEW MEXICO
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Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)

NM 2019-003 – Purchase Orders Payment Authorization, Receiving, and Supporting Documentation (Other Non-compliance) (Continued)

During our review of individually significant items we noted the following instances in which proper procedures were not followed:

- In 1 of 36 items reviewed the goods and or services were invoiced prior to the authorization of a purchase order.
 - A Purchase of \$22,612.20 was invoiced on 7/1/18 and the purchase order was authorized on 8/24/18
 - This same purchase was not paid within 30 days of receiving a valid invoice. Payment was made on 8/28/18

During our review of activity disbursements, we noted the following instances in which proper procedures were not followed:

- A purchase of \$222.44 had no receiving documentation

During our review of credit card disbursements, we noted the following instances in which proper procedures were not followed:

- There were four instances where credit card receipts for fuel purchases were not with the supporting documentation and there was no lost receipt affidavit from the individual making the purchase.
 - A purchase of \$35.00 had no receipt
 - A purchase of \$34.48 had no receipt
 - A purchase of \$52.00 had no receipt
 - A purchase of \$82.00 had no receipt

Cause: District personnel have not followed State guidelines or internal procedures in the payment of services. Policy states that the District must have a signed purchase order in place prior to receiving goods and or services and that there is a receiving document to verify goods and services are received.

Effect: Internal control over expenditures and the ability of responsible parties to appropriately monitor budgets for which they bear responsibility may be compromised. Not being in compliance with these requirements places the District and the Board at risk for fraud or misuse of public funds.

Auditor's Recommendation: We recommend that all personnel be reminded of, or trained in, District and State policy in regard to payment of goods, services, or construction. All District personnel need to be aware that a purchase order must be approved prior to the purchase of goods and services and that all goods and services should be signed for indicating when items were received and by whom. Additionally, if a receipt is lost then the individual should sign an affidavit of lost receipt which should be kept for support for the particular purchase.

Responsible official's view:

- Specific corrective action plan for finding:
Many of the PO documents relate to the payment of officials for game duty. Many assignments were not notified to the District before the event date. The receiving copy of each PO is now acknowledged by the person who ordered and received items. An affidavit of lost receipt is now available in the Business Mangers office to use on an as needed basis.
- Timeline for completion of corrective action plan:
Summer 2019
- Employee position(s) responsible for meeting the timeline:
Business Manager

Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)

NM 2019-004 – Timeliness of Deposits (Other Non-compliance)

Criteria: 6.20.2.14 NMAC 1978 CASH CONTROL STANDARDS:

A. School districts shall establish and maintain a cash management program to safeguard cash and provide prompt and accurate reporting that adheres to cash management requirements of the office of management and budget (OMB) Circular A-102, and applicable state and federal laws and regulations.

B. The school district shall issue a factory pre-numbered receipt for all money received. Pre-numbered receipts are to be controlled and secured. If a receipt is voided, all copies shall be marked "VOID" and retained in the receipt book.

C. **Money received and receipted shall be deposited in the bank within twenty-four (24) hours or one banking day.** If the distance to the bank is considerable, or the cash collection is limited to small amounts and/or low volume and it is impractical to meet the twenty-four hour/one banking day requirement, the local board may request approval from the department for an alternative plan. The bank deposit slip shall have the numbers from applicable receipts entered on it or attached as a reference.

K. All bank accounts shall be reconciled on a monthly basis. Reconciled bank statements are to be reviewed by the business manager and/or assistant superintendent for business administration. The bank statement, deposit slips, and canceled checks shall be made available to the district's auditor during the annual audit.

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

- In 1 of 40 items tested money received was not deposited within 24 hours.
 - \$1,814 was collected on 10/4/18 and 10/5/18 and was deposited on 10/9/18.

During our review of activity cash receipts, we identified the following instances in which proper procedures were not followed:

- In 1 of 25 items tested money received was not deposited within 24 hours.
 - Two receipts were dated 12/18/18 for \$1,140.00 and \$500.00 and were deposited on 12/21/18.

Cause: The District did not deposit the funds received within 24 hours after receipt. Proper procedures relating to cash receipts were not followed.

Effect: Non-adherence to state statutes places the District in noncompliance and lack of timeliness of deposits could subject the District to a possible occurrence of fraud.

Auditors' Recommendations: We recommend that the District emphasize the importance of timely deposits of receipts. The District should cross-train employees so that more than one individual is able to make deposits to ensure timely deposits are possible.

Responsible Official's Plan:

- Specific corrective action plan for finding:
The District will implement cross training employees so that if an employee is absent, the deposits can still be made in a timely manner.
- Timeline for completion of corrective action plan:
Implementation when Secretaries return to work in January 2020.
- Employee position(s) responsible for meeting the timeline:
Business Manger

Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)

NM 2019-005 – Improper Reimbursement of Travel Expense (Other Non-compliance)

Criteria: 2.42.2.9 NMAC 1978: REIMBURSEMENT OF ACTUAL EXPENSES IN LIEU OF PER DIEM RATES:

A. **Applicability:** Upon written request of a public officer or an employee, agency heads may grant written approval for a public officer or employee of that agency or local public body to be reimbursed actual expenses in lieu of the per diem rate where overnight travel is required.

B. **Overnight travel:** For overnight travel for state officers and employees where overnight lodging is required, the public officer or employee will be reimbursed as follows:

(1) **Actual reimbursement for lodging:** A public officer or an employee may elect to be reimbursed actual expenses for lodging not exceeding the single occupancy room charge (including tax) in lieu of the per diem rate set forth in this Section. Whenever possible, public officers and employees should stay in hotels which offer government rates. Agencies, public officers or employees who incur lodging expenses in excess of \$215.00 per night must obtain the signature of the agency head or chairperson of the governing board on the travel voucher prior to requesting reimbursement and on the encumbering document at the time of encumbering the expenditure.

(2) **Actual reimbursement for meals: Actual expenses for meals are limited by Section 10-8-4(K)(2) NMSA 1978 (1995 Repl. Pamp.) to a maximum of \$30.00 for in-state travel and \$45.00 for out-of-state travel for a 24-hour period.**

(3) **Receipts required:** The public officer or employee must submit receipts for the actual meal and lodging expenses incurred. Under circumstances where the loss of receipts would create a hardship, an affidavit from the officer or employee attesting to the expenses may be substituted for actual receipts. The affidavit must accompany the travel voucher and include the signature of the agency head or governing board. See Appendix B for a sample affidavit.

C. **Return from overnight travel: On the last day of travel when overnight lodging is no longer required, partial day reimbursement shall be made. To calculate the number of hours in the partial day, begin with the time the traveler initially departed on the travel. Divide the total number of hours traveled by 24. The hours remaining constitute the partial day which shall be reimbursed as follows:**

- (1) for less than 2 hours, none;
- (2) for 2 hours but less than 6 hours, \$12.00;
- (3) for 6 hours or more, but less than 12 hours, \$20.00;
- (4) for 12 hours or more, \$30.00;
- (5) **no reimbursement for actual expenses will be granted in lieu of partial day per diem rates.**

Condition: During our review of travel and per diem compliance testing we noted the following instances in which proper procedures were not followed:

- In 8 of 11 items reviewed the District paid an employee actual expenses on their final day of an overnight travel instead of partial day per diem as required.
- In 1 of 11 items reviewed the District paid more for a meal than District policy allows for. District policy will only pay \$8 for breakfast \$10 for lunch \$12 for dinner. The District reimbursed an employee \$15.05 for dinner in excess of the \$12 limit.
- In 1 of 11 items reviewed the District paid an employee for reimbursements without receipts. Only 1 meal receipt was provided but employee was reimbursed for 3 meals.

Cause: The District has been paying employee's actuals on the final day when returning from overnight travel. Also, the District has reimbursed an employee for more than policy allows and another was reimbursed without proper supporting receipts.

Effect: The District has not paid some employees the amount provided by the travel and per diem act. Employees were not reimbursed at the District and State mandated rates.

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Schedule XI

Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)

NM 2019-005 – Improper Reimbursement of Travel Expense (Other Non-compliance) (Continued)

Auditor's Recommendation: We recommend that management ensure that they are reimbursing employees properly for qualified expenses and ensure that policies are consistent for all employees.

Responsible Official's View:

- Specific corrective action plan for finding:
Update to the request for reimbursement now discloses the mandated rates per the travel and per diem act. Reimbursements will be calculated correctly by the Business Manger upon return of original receipts.

- Timeline for completion of corrective action plan:
New Travel Reimbursement Form was approved at the July 22, 2019 Board of Education meeting.

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

Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)

NM 2019-006 – Failure to Follow Bid-RFP Procedures (Other Non-compliance)

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

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

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

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

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

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

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

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

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

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

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

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

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

E. Bid samples and descriptive literature.

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

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

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

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

Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)

NM 2019-006 – Failure to Follow Bid-RFP Procedures (Other Non-compliance) (Continued)

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

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

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

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

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

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

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

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

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

- The District did not award statutory preferences for any of their bids in the 2018-2019 school year.
- In one instance the District did not place the request for proposal in the newspaper 10 days prior to bid opening. The District instead emailed vendors directly and asked them to bid.

Cause: The District has not followed State guidelines for purchases requiring invitation for bids and did not follow all guidelines with regards to providing statutory preferences in the scoring of bids and RFPs.

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

Auditor's Recommendation: All bids and RFPs should include the mandatory scoring values for resident and veteran business certificates and ensure that all bid and RFPs are published in newspapers.

STATE OF NEW MEXICO
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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Schedule XI

Section IV – Section 12-6-5 NMSA 1978 Findings (Continued)

NM 2019-006 – Failure to Follow Bid-RFP Procedures (Other Non-compliance) (Continued)

Responsible official's view:

- Specific corrective action plan for finding:
All bid and RFP requests now include the mandatory scoring values for resident and veteran business certificates. All bids and RFP's will be published.

- Timeline for completion of corrective action plan:
Update to scoring values was done in June 2019.

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

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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Schedule XI

Section V – Prior Year Audit Findings

Financial Statement Findings

2018-001 – Cash Management and Restricted Funds – Repeated and Revised (Numbered to NM 2018-001 and classified in the NMSA 1978 Section)

Federal Awards Findings

None Identified

Section 12-6-5 NMSA 1978 Findings

None Identified

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UNAUDITED SUPPLEMENTAL INFORMATION



RATON PUBLIC SCHOOLS

1550 Tiger Circle ~ Raton, New Mexico 87740

Phone: (575) 445-9111 ~ Fax: (575) 445-5641

2017 AUDIT

2017-001 Internal Control Structure

This issue was corrected in the 2018 fiscal year.

2017-002 Purchases Made Prior to Approval

This issue was corrected in the 2018 fiscal year.

2017-003 Stale Dated Checks

The Business Manager will audit the outstanding checks each quarter and monitor the stale dated items. Also, the Interfund loan account will be monitored and reconciled.

2017-004 Related Party Procurement not Advertised

This issue was corrected in the 2018 fiscal year.

2018 AUDIT

2018-001 Cash Management and Restricted Funds

The District will ensure that no loan from a special revenue fund will be used for another special revenue fund. The stale dated checks will be researched and completed.

2019 AUDIT

FA 2019-001 – Procurement and Suspension and Debarment (Significant Deficiency)

Raton Public Schools will implement internal controls and procedures in procurements using Federal grants to include having the vendor provide a certification that it is not suspended or debarred, as well as a valid search using the GSA website as needed.

FA 2019-002 – Improper Cost Allocation (Significant Deficiency)

Raton Public Schools will provide each employee who is paid from a Federal grant the proper time and effort report. The reports will be kept in secure location and presented to the employee before the end of each semester.

FS 2019 – 001 – Improper Withholding and Match of Employee Contributions (Significant Deficiency)

Raton Public Schools will create an internal control to print and research the deduction records and make sure that all contributions are correct. Each employee who was found with incorrect contributions will receive a Form from the payroll specialist to complete and submit to ERB.

FS 2019-002 – Failure to Timely Remit Federal Withholding Taxes as Required (Material Weakness)

The District will complete all federal tax reports and make appropriate deposits in a timely manner.

FS 2019-003 – Cash and Related Reconciliation Issues (Significant Deficiency)

The Business Manager will present the bank reconciliations to another team member to review and sign before filing. The closing of the clearing account will be presented to the Board of Education and funds transferred back to the GO account. The Business Manager has contacted Visions for support in clearing stale dated items.

NM 2018-001 – Improper Cash Controls for Outstanding Warrants and Restricted Funds (Other Non-compliance)
Repeated and Revised

The Business Manager will audit the outstanding checks each quarter and monitor the stale dated items. Also the Interfund loan account will be monitored and reconciled.

NM 2019-001 – Budgetary Controls (Other Non-compliance)

The District will work with the Budget analyst to budget enough funds in the 41000 and 43000 to cover unexpected collections in property tax revenues.

NM 2019-001 – Late Payment and Reporting of Employer Contributions for ERB and RHC (Other Non-Compliance)

Raton Public Schools will evaluate and implement proper procedures to check and reconcile all ERB and RHC benefit accounts. A reconciliation will be performed as soon as invoicing is available and payment submitted on the appropriate date

NM 2019-002 – Background Checks and Licensing (Other Non-Compliance)

All employees including new hires and current will sign the Authorization to Release Copy of FBI Background Check Report furnished by NMPED at the time that Contracts are signed. The HR Specialist will submit the form for all noted employees to NMPED in anticipation of receiving a copy of the Background check and file in the personnel files.

NM 2019-003 – Purchase Orders Payment Authorization, Receiving, and Supporting Documentation (Other Non-Compliance)

Many of the PO documents relate to the payment of officials for game duty. Many assignments were not notified to the District before the event date. The receiving copy of each PO is now acknowledged by the person who ordered and received items. An affidavit of lost receipt is now available in the Business Managers office to use on an as needed basis.

NM 2019-004 – Timeliness of Deposits (Other Non-compliance)

The District will implement cross training employees so that if an employee is absent, the deposits can still be made in a timely manner

NM 2019-005 – Improper Reimbursement of Travel Expense (Other Non-Compliance)

Update to the request for reimbursement now discloses the mandated rates per the travel and per diem act. Reimbursements will be calculated correctly by the Business Manger upon return of original receipts.

NM 2019-006 – Failure to Follow Bid-RFP Procedures (Compliance and Other Matters)

All bid and RFP requests now include the mandatory scoring values for resident and veteran business certificates. All bids and RFP's will be published.

STATE OF NEW MEXICO
RATON PUBLIC SCHOOL DISTRICT NO. 11
OTHER DISCLOSURES
FOR THE YEAR ENDED JUNE 30, 2019

Auditor Prepared Financial Statements

Manning Accounting and Consulting Services, LLC prepared the GAAP-basis financial statements and footnotes of Raton Public School District No. 11 from the original books and records provided to them by the management of the District. The District's management has reviewed and approved the financial statements and related notes and they believe that their records adequately support the financial statements. The responsibility for the financial statements remains with the District.

Exit Conference

The contents of this report were discussed on November 6, 2019. The following individuals were in attendance.

Raton Public School District No. 11
Andy Ortiz, Superintendent
Ted Kemp, Board Vice President
Myra Baird, Business Manager

Manning Accounting and Consulting Services, LLC
Byron R. Manning, CPA, Managing Partner
Chris Manning, Staff Accountant