

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
AUDITED FINANCIAL STATEMENTS  
AND ANNUAL FINANCIAL REPORT  
WITH INDEPENDENT AUDITORS'  
REPORT THEREON  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**



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SANTA ROSA CONSOLIDATED SCHOOLS  
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SANTA ROSA CONSOLIDATED SCHOOLS  
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**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
OFFICIAL ROSTER  
JUNE 30, 2019**

**Board of Education**

Lorraine Madrid	President
Jennifer Muniz	Vice-President
Gilda Gonzales	Secretary
Pablita Abeyta	Member
Marcella Sisneros	Member

**School Officials**

Richard Perea	Superintendent
Sonia Tenorio	Business Manager

## INDEPENDENT AUDITOR'S REPORT

Mr. Brian Colón, New Mexico State Auditor and  
Board Members of the Santa Rosa Consolidated Schools

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of Santa Rosa Consolidated Schools (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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinions

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

## **Other Matters**

### *Required Supplementary Information*

Management has omitted management's discussion and analysis. Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the District's Proportionate Share of the Net Pension Liability, the Schedule of the District's Contributions, and the notes to the required supplementary information, 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 and historical context. We have applied certain limited procedures to the Schedule of the District's Proportionate Share of the Net Pension Liability and the District's Proportionate Share of the OPEB Liability in accordance with auditing standards general 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 Schedule of Expenditures of Federal Awards as required by the Office of Management and Budget Title 2 U.S. CFR Part 200, Uniform Guidance) and the other schedules presented as other supplemental information related to non-major funds as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards (Uniform Guidance) and the other Schedules presented as other supplemental information related to non-major funds 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 or to the basic financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with Government Auditing Standards, we have also issued our report dated November 14, 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 Association's internal control over financial reporting and compliance.

*Baldwin Accounting & Consulting, LLC*

**Baldwin Accounting & Consulting, LLC**

Albuquerque, New Mexico

November 14, 2019

## **Financial Section**



**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
GOVERNMENT-WIDE STATEMENT OF NET POSITION  
JUNE 30, 2019**

	Governmental Activities
<b>Assets</b>	
Current Assets	
Cash and cash equivalents	\$ 1,023,814
Taxes Receivable:	125,513
Due from Grantor	444,316
Inventory	10,337
Total Current Assets	1,603,980
Noncurrent Assets	
Capital Assets	31,201,238
Less Accumulated Depreciation	(16,761,915)
Total Noncurrent Assets	14,439,323
<b>Total Assets</b>	<b>16,043,303</b>
 Deferred Outflows of Resources:	
Deferred Outflows, OPEB Related	96,501
Deferred Outflows, Pension Related	5,286,544
<b>Total Deferred Outflows of Resources</b>	<b>5,383,045</b>
 Liabilities	
Current Liabilities	
Accounts payable	21,069
Accrued interest	19,224
Compensated absences	23,578
Current Portion of Long-Term Debt	450,000
Total Current Liabilities	513,871
Noncurrent Liabilities	
Bonds Payable	2,475,000
Net OPEB Liability	4,590,123
Net Pension Liability	19,178,339
Total Noncurrent Liabilities	26,243,462
<b>Total Liabilities</b>	<b>26,757,333</b>
 <b>Deferred Inflows of Resources</b>	
Deferred Inflows, OPEB Related	1,597,313
Deferred Inflows, Pension Related	502,717
<b>Total Deferred Inflows of Resources</b>	<b>2,100,030</b>
 <b>Net Position</b>	
Invested in Net Capital Assets	11,514,323
Restricted for Capital Projects	230,270
Restricted for Debt Service	207,993
Unrestricted	(19,383,601)
<b>Total Net Position</b>	<b>\$ (7,431,015)</b>

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

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
JUNE 30, 2019**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>Primary government:</b>					
<b>Governmental activities:</b>					
Instruction	\$ 7,356,769	\$ 44,797	\$ 1,019,261	\$ -	\$ (6,292,711)
Support Services:					
Students	761,732	-	105,536	-	(656,196)
Instruction	160,274	-	22,206	-	(138,068)
General Administration	378,744	-	52,474	-	(326,270)
School Administration	668,830	-	92,665	-	(576,165)
Central Services	206,649	-	-	-	(206,649)
Operation of Plant	1,532,919	-	212,383	-	(1,320,536)
Student Transportation	470,956	435,115	65,250	-	29,409
Other	8,724	-	-	-	(8,724)
Food Services Operations	512,360	77,141	70,986	-	(364,233)
Interest Expense	94,517	-	-	-	(94,517)
<b>Total governmental activities</b>	<b>\$ 12,152,474</b>	<b>\$ 557,053</b>	<b>\$ 1,640,760</b>	<b>\$ -</b>	<b>(9,954,661)</b>
General revenues:					
Taxes					
Property Taxes, Levied for General Purposes					56,648
Property Taxes, Levied for Capital Projects					293,696
Property Taxes, Levied for Debt Service					522,105
State Equalization Guarantee Revenue					6,051,296
Loss on Disposal of Capital Assets					-
Interest Income					44,928
Miscellaneous Income					44,821
<b>Total General Revenues</b>					<b>7,013,494</b>
<i>Change in Net Position</i>					<i>(2,941,167)</i>
<b>Net position - beginning</b>					<b>(4,489,848)</b>
<b>Net position - ending</b>					<b>\$ (7,431,015)</b>

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

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
GOVERNMENTAL FUNDS BALANCE SHEET  
JUNE 30, 2019**

	General		
	Operational Fund #11000	Transportation Fund #13000	Instructional Materials Fund #14000
<b>Assets</b>			
Cash and cash equivalents	\$ 126,063	\$ 1,714	\$ 35,893
Receivables:			
Taxes	7,259	-	-
Due from Grantor	22,597	-	-
Interfund Balance	435,210	-	-
Inventory	-	-	-
<b>Total Assets</b>	<u>\$ 591,129</u>	<u>\$ 1,714</u>	<u>\$ 35,893</u>
<b>Liabilities, deferred inflows, and fund balance</b>			
Liabilities:			
Accounts payable	\$ 18,699	\$ -	\$ -
Interfund Balance	-	-	-
Total liabilities	<u>18,699</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources			
Unavailable Revenue	6,151	-	-
Total Deferred Inflows of Resources	<u>6,151</u>	<u>-</u>	<u>-</u>
Fund balance			
Nonspendable - Inventory	-	-	-
Restricted for			
Special Revenue Funds	-	-	-
Capital Improvements	-	-	-
Debt Service	-	-	-
Unassigned	566,279	1,714	35,893
Total fund balance	<u>566,279</u>	<u>1,714</u>	<u>35,893</u>
<b>Total liabilities and fund balance</b>	<u>\$ 591,129</u>	<u>\$ 1,714</u>	<u>\$ 35,893</u>

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

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
GOVERNMENTAL FUNDS BALANCE SHEET  
JUNE 30, 2019**

	<u>Special Revenue</u>	<u>Capital Projects</u>	
	Food Service Fund #21000	Senate Bill Nine-Local Fund #31701	Debt Service Fund #41000
<b>Assets</b>			
Cash and cash equivalents	\$ 226,169	\$ 166,826	\$ 196,248
Receivables:			
Taxes	-	35,733	82,521
Due from Grantor	35,576	-	-
Interfund Balance	-	-	-
Inventory	10,337	-	-
<b>Total Assets</b>	<u>\$ 272,082</u>	<u>\$ 202,559</u>	<u>\$ 278,769</u>
<b>Liabilities, deferred inflows, and fund balance</b>			
Liabilities:			
Accounts payable	\$ 1,081	\$ 1,298	\$ -
Interfund Balance	-	-	-
<b>Total liabilities</b>	<u>1,081</u>	<u>1,298</u>	<u>-</u>
Deferred Inflows of Resources			
Unavailable Revenue	-	30,086	70,776
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>30,086</u>	<u>70,776</u>
Fund balance			
Nonspendable - Inventory	10,337	-	-
Restricted for			
Special Revenue Funds	260,664	-	-
Capital Improvements	-	171,175	-
Debt Service	-	-	207,993
Unassigned	-	-	-
<b>Total fund balance</b>	<u>271,001</u>	<u>171,175</u>	<u>207,993</u>
<b>Total liabilities and fund balance</b>	<u>\$ 272,082</u>	<u>\$ 202,559</u>	<u>\$ 278,769</u>

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

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
GOVERNMENTAL FUNDS BALANCE SHEET  
JUNE 30, 2019**

	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 270,901	\$ 1,023,814
Receivables:		
Taxes	-	125,513
Due from Grantor	386,143	444,316
Interfund Balance	-	435,210
Inventory	-	10,337
<b>Total Assets</b>	<u>\$ 657,044</u>	<u>\$ 2,039,190</u>
<b>Liabilities, deferred inflows, and fund balance</b>		
Liabilities:		
Accounts payable	\$ -	\$ 21,078
Interfund Balance	435,210	435,210
Total liabilities	<u>435,210</u>	<u>456,288</u>
Deferred Inflows of Resources		
Unavailable Revenue	-	107,013
Total Deferred Inflows of Resources	<u>-</u>	<u>107,013</u>
Fund balance		
Nonspendable - Inventory	-	10,337
Restricted for		
Special Revenue Funds	223,651	484,315
Capital Improvements	59,095	230,270
Debt Service	-	207,993
Unassigned	(60,912)	542,974
Total fund balance	<u>221,834</u>	<u>1,475,889</u>
<b>Total liabilities and fund balance</b>	<u>\$ 657,044</u>	<u>\$ 2,039,190</u>

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

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
JUNE 30, 2019**

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

Fund balances - total governmental funds		\$ 1,475,889
Property taxes receivable will be collected after the period of availability, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds.		107,013
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets	31,201,238	
Accumulated depreciation	<u>(16,761,915)</u>	14,439,323
Deferred Outflows and Inflows related to pensions and Other Post Employment Benefits (OPEB) are the results of differences in expected and actual actuary experience and the difference in actuary projected and actual earnings. Also changes in proportion and differences between contributions and proportionate share of contributions		
Deferred Outflows Related to Pensions	5,286,544	
Deferred Outflows Related to OPEB	96,501	
Deferred Inflows Related to Pensions	(502,717)	
Deferred Inflows Related to OPEB	<u>(1,597,313)</u>	3,283,015
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds		
Accrued interest	(19,215)	
Compensated absences	(23,578)	
Bond payable	(2,925,000)	
Net pension liability	(19,178,339)	
Net OPEB liability	<u>(4,590,123)</u>	<u>(26,736,255)</u>
Net position of governmental activities		\$ <u>(7,431,015)</u>

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

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE  
JUNE 30, 2019**

	General		
	Operation Fund #11000	Transportation Fund #13000	Instructional Materials Fund #14000
<b>Revenues:</b>			
Property Taxes	\$ 50,497	\$ -	\$ -
Fees	22,837	-	21,960
State and Local Grants	6,056,944	435,115	-
Federal Grants	25,290	-	-
Interest Income	18,195	-	-
Contributions	-	-	-
Miscellaneous	43,908	-	-
<b>Total revenues</b>	<u>6,217,671</u>	<u>435,115</u>	<u>21,960</u>
<b>Expenditures:</b>			
Current:			
Instruction	3,448,207	-	12,007
Support services:			
Students	602,286	-	-
Instruction	149,506	-	-
General Administration	334,664	-	-
School Administration	558,764	-	-
Central Services	193,257	-	-
Operation of Plant	1,067,718	-	-
Student Transportation	2,908	434,149	-
Other	587	-	-
Food Service Operations	-	-	-
Capital Outlay	-	-	-
Debt Service			
Principal	-	-	-
Interest	-	-	-
<b>Total expenditures</b>	<u>6,357,897</u>	<u>434,149</u>	<u>12,007</u>
<i>Excess (deficiency) or revenues over expenditures</i>	<u>(140,226)</u>	<u>966</u>	<u>9,953</u>
<b>Fund balance (deficit) at beginning of the year</b>	<u>706,505</u>	<u>748</u>	<u>25,940</u>
<b>Fund balance at end of the year</b>	<u>\$ 566,279</u>	<u>\$ 1,714</u>	<u>\$ 35,893</u>

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

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE  
JUNE 30, 2019**

	<u>Special Revenue</u>	<u>Capital Projects</u>	
	Food Service Fund #21000	Senate Bill Nine-Local Fund #31701	Debt Service Fund #41000
<b>Revenues:</b>			
Property Taxes	\$ -	\$ 222,920	\$ 492,019
Fees	25,137	-	-
State and Local Grants	-	-	-
Federal Grants	461,822	-	-
Interest Income	-	-	18,195
Contributions	-	-	-
Miscellaneous	132	-	-
<b>Total revenues</b>	<u>487,091</u>	<u>222,920</u>	<u>510,214</u>
<b>Expenditures:</b>			
Current:			
Instruction	-	-	-
Support services:			
Students	-	-	-
Instruction	-	-	-
General Administration	-	2,287	5,077
School Administration	-	-	-
Central Services	-	-	-
Operation of Plant	-	-	-
Student Transportation	-	-	-
Other	-	1,475	-
Food Service Operations	462,102	-	-
Capital Outlay	-	403,833	-
Debt Service			
Principal	-	-	400,000
Interest	-	-	75,293
<b>Total expenditures</b>	<u>462,102</u>	<u>407,595</u>	<u>480,370</u>
<i>Excess (deficiency) or revenues over expenditures</i>	<u>24,989</u>	<u>(184,675)</u>	<u>29,844</u>
<b>Fund balance (deficit) at beginning of the year</b>	<u>246,012</u>	<u>355,850</u>	<u>178,149</u>
<b>Fund balance at end of the year</b>	<u>\$ 271,001</u>	<u>\$ 171,175</u>	<u>\$ 207,993</u>

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



**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE  
JUNE 30, 2019**

	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>Revenues:</b>		
Property Taxes	\$ -	\$ 765,436
Fees	52,004	121,938
State and Local Grants	236,588	6,728,647
Federal Grants	903,327	1,390,439
Interest Income	8,538	44,928
Contributions	8,085	8,085
Miscellaneous	781	44,821
<b>Total revenues</b>	<u>1,209,323</u>	<u>9,104,294</u>
<b>Expenditures:</b>		
Current:		
Instruction	920,379	4,380,593
Support services:		
Students	110,080	712,366
Instruction	3,095	152,601
General Administration	12,171	354,199
School Administration	66,721	625,485
Central Services	-	193,257
Operation of Plant	45,547	1,113,265
Student Transportation	3,378	440,435
Other	-	2,062
Food Service Operations	17,052	479,154
Capital Outlay	31,488	435,321
Debt Service		
Principal	-	400,000
Interest	-	75,293
<b>Total expenditures</b>	<u>1,209,911</u>	<u>9,364,031</u>
<i>Excess (deficiency) or revenues over expenditures</i>	<u>(588)</u>	<u>(259,737)</u>
<b>Fund balance (deficit) at beginning of the year</b>	<u>222,422</u>	<u>1,735,626</u>
<b>Fund balance at end of the year</b>	<u>\$ 221,834</u>	<u>\$ 1,475,889</u>

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

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
JUNE 30, 2019**

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

Net change in fund balance - total governmental funds	\$	(259,737)
<p>Some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered "available" revenues in the governmental funds, and are instead reported as deferred outflows. They are however, recorded as revenues in the Statement of Activities.</p>		
Property Taxes Receivable, June 30, 2018		(79,802)
Property Taxes Receivable, June 30, 2019		<u>125,513</u>
		45,711
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.</p>		
Depreciation Expense		(758,682)
Capital Outlays		<u>164,455</u>
		(594,227)
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position</p>		
		400,000
<p>In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.</p>		
Accrued Interest, June 30, 2018		(8,152)
Accrued Interest, June 30, 2019		<u>19,224</u>
		11,072
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Compensated Absences, June 30, 2018		8,259
Compensated Absences, June 30, 2019		<u>(23,578)</u>
		(15,319)
<p>Pension and Other Post Employment Benefits (OPEB) contributions are reported as expenses in the governmental funds but are deferred outflows in the Statement of Net Position. Pension and OPEB expense is reported in the Statement of Activities but not in the governmental funds.</p>		
Pension Contributions		666,436
Other Post Employment Benefits Contributions		96,505
Pension Expense		(3,101,859)
Other Post Employment Benefits Expenses		<u>(189,749)</u>
		<u>(2,528,667)</u>
Change in net position of governmental activities	\$	<u>(2,941,167)</u>

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

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
GENERAL FUND-OPERATIONAL - 11000  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property Taxes	\$ 49,191	\$ 49,191	\$ 50,497	\$ 1,306
Interest Income	9,840	15,077	18,195	3,118
Fees	-	240	22,837	22,597
State Sources	6,011,197	6,057,177	6,051,296	(5,881)
Federal Sources	84,718	30,312	25,290	(5,022)
Miscellaneous	6,882	22,944	49,556	26,612
<b>Total revenues</b>	<u>6,161,828</u>	<u>6,174,941</u>	<u>6,217,671</u>	<u>42,730</u>
<b>Expenditures:</b>				
Instruction	3,303,877	3,556,276	3,448,207	108,069
Support Services				
Students	655,777	647,481	602,286	45,195
Instruction	149,791	147,413	144,759	2,654
General Administration	293,321	360,156	334,664	25,492
School Administration	599,788	597,382	558,764	38,618
Central Services	209,222	215,772	193,257	22,515
Operation of Plant	1,518,152	1,342,983	1,067,718	275,265
Student Transportation	10,000	19,424	2,908	16,516
Other Support Service	17,731	17,731	587	17,144
Food Service	-	-	-	-
<b>Total expenditures</b>	<u>6,757,659</u>	<u>6,904,618</u>	<u>6,353,150</u>	<u>551,468</u>
Excess (deficiency) of revenues over expenditures	(595,831)	(729,677)	(135,479)	(508,738)
Cash Balance Beginning of Year	<u>729,393</u>	<u>729,393</u>	<u>729,393</u>	<u>-</u>
Cash Balance End of Year	<u>\$ 133,562</u>	<u>\$ (284)</u>	<u>\$ 593,914</u>	<u>\$ (508,738)</u>
<b>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS:</b>				
Excess (Deficiency) of Revenues Over Expenditures			\$ (135,479)	
Net Change in Taxes Receivable			275	
Net Change in Accounts Payable			(6,698)	
Net Change in Unavailable Revenue			1,676	
<b>Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis</b>			<u>\$ (140,226)</u>	

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

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
GENERAL FUND-TRANSPORTATION - 13000  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
<b>Revenues:</b>				
State Sources	\$ 435,115	\$ 435,115	\$ 435,115	\$ -
<b>Total revenues</b>	435,115	435,115	435,115	-
<b>Expenditures:</b>				
Support Services				
Student Transportation	435,115	435,489	435,020	469
<b>Total Expenditures</b>	435,115	435,489	435,020	469
Excess (Deficiency) of Revenues Over Expenditures	-	(374)	95	(469)
Cash Balance Beginning of Year	1,619	1,619	1,619	-
Return to PED	-	-	-	-
Cash Balance End of Year	\$ 1,619	\$ 1,619	\$ 1,619	\$ -
<b>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS:</b>				
Excess (Deficiency) of Revenues Over Expenditures				
Net Change in Accounts Payable			\$ 871	
<b>Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis</b>			\$ 966	

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

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**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
GENERAL FUND-INSTRUCTIONAL MATERIALS - 14000  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	Final Budget
				Positive
				(Negative)
<b>Revenues:</b>				
State Sources	\$ 21,960	\$ 22,944	\$ 21,960	\$ (984)
<b>Total revenues</b>	<u>21,960</u>	<u>22,944</u>	<u>21,960</u>	<u>(984)</u>
<b>Expenditures:</b>				
Instruction	45,396	48,884	12,007	36,877
<b>Total Expenditures</b>	<u>45,396</u>	<u>48,884</u>	<u>12,007</u>	<u>36,877</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(23,436)</u>	<u>(25,940)</u>	<u>9,953</u>	<u>(37,861)</u>
Cash Balance Beginning of Year	<u>25,940</u>	<u>25,940</u>	<u>25,940</u>	<u>-</u>
Cash Balance End of Year	<u>\$ 2,504</u>	<u>\$ -</u>	<u>\$ 35,893</u>	<u>\$ (37,861)</u>
<b>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS:</b>				
Excess (Deficiency) of Revenues Over Expenditures			\$ 9,953	
Net Change in Taxes Receivable			-	
Net Change in Accounts Payable			-	
Net Change in Unavailable Revenue			-	
<b>Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis</b>			<u>\$ 9,953</u>	

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

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
SPECIAL REVENUE FUND-FOOD SERVICE - 21000  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN CASH BALANCE  
BUDGET AND ACTUAL (BUDGETARY BASIS)  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final	(Budgetary Basis)	(Negative)
<b>Revenues:</b>				
Fees	\$ 23,000	\$ 22,697	\$ 25,137	\$ 2,440
Federal Sources	398,000	398,000	461,822	63,822
Contributions	25,000	25,000	-	(25,000)
Miscellaneous	-	75	132	57
<b>Total revenues</b>	446,000	445,772	487,091	41,319
<b>Expenditures:</b>				
Support Services				
Food Service	686,936	684,402	464,912	1,836,250
<b>Total Expenditures</b>	686,936	684,402	464,912	1,836,250
Excess (Deficiency) of Revenues Over Expenditures	240,936	238,630	22,179	1,794,931
Cash Balance Beginning of Year	238,630	238,630	238,630	-
Cash Balance End of Year	\$ 479,566	\$ 477,260	\$ 260,809	\$ 1,794,931
<b>RECONCILIATION OF BUDGETARY BASIS TO GAAP BASIS:</b>				
Excess (Deficiency) of Revenues Over Expenditures			\$ 22,179	
Net Change in Inventory			2,342	
Net Change in Accounts Payable			468	
<b>Excess (Deficiency) of Revenues Over Expenditures-GAAP Basis</b>			\$ 24,989	

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

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
JUNE 30, 2019**

	<u>Agency Funds</u>
Assets	
Cash and Cash Equivalents	\$ <u>84,477</u>
Total Assets	\$ <u><u>84,477</u></u>
Liabilities	
Deposits Held for Others	\$ <u>84,477</u>
Total Liabilities	\$ <u><u>84,477</u></u>

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

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**Summary of Significant Accounting Policies**

The financial statements of the Santa Rosa Consolidated Schools (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**Financial Reporting Entity**

The District has been in existence since the early nineteen hundreds and is currently operating under the provisions of the Public School District Code, Chapter 22, of the New Mexico Statutes Annotated, 1978 Compilation. The District operates with a local board of education - superintendent form of government and provides a supervised program of instruction designed to educate students at the elementary and secondary level.

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the District is considered a *primary government*, since it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the District may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges and issue bonded debt.

The District has no component units, defined by GASB Statement No. 14 as other legally separate organizations for which the elected District members are financially accountable. There are no other primary governments with which the School Board Members are financially accountable. There are no other primary governments with which the District has a significant relationship.

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The funds of the District are classified into two categories: governmental and fiduciary. In turn, each category is divided into separate fund types. The fund classification and a description of each existing fund type follows below:

***Governmental Funds***

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



**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**Summary of Significant Accounting Policies (continued)**

General Fund - The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds.

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

Capital Projects Funds - The Capital Projects Funds is used to account for all resources for the acquisition of capital facilities by the District.

Debt Service Fund - The Debt Service Fund is used to account for all resources for, and the payment of, principal, interest and related costs.

***Fiduciary Fund Type***

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of outside parties, including other governments, or on behalf of other funds within the District.

The Student Activity Fund, an agency fund, accounts for assets held by the District as an agent for the District organizations. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. This accounting reflects the District's agency relationship with the student activity organizations.

**Major Funds**

The District reports the following major governmental funds:

**General Fund (11000)(13000)(14000).** The General Fund consist of three sub funds. The first is the Operational Fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. The Transportation Fund includes a state grant to provide transportation for students in the District. The Instructional Materials Fund accounts for a state grant to provide text books for students in the District.

**Special Revenue Fund**

**Food Service (21000).** To account for revenue and expenditures associated with the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements. Authority for creation of this fund is NMSA 22-13-13.

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**Summary of Significant Accounting Policies (continued)**

**Major Capital Projects Fund**

**Senate Bill Nine-Local (31701).** The revenues are derived from a district tax levy. Expenditures are restricted to capital improvements, repairs and maintenance, supplies and supply assets used in the upkeep of the facilities.

**Major Debt Service Fund**

**Debt Service Fund (41000).** To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. The resources of this fund are generated by a tax levy based upon property values.

**Measurement Focus and Basis of Accounting**

***Government-Wide Financial Statements (GWFS)***

The Statement of Net Position and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary Funds are reported only in the Statement of Fiduciary Assets and Liabilities at the fund financial statement level.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflow of resources, liabilities and deferred inflow of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflow of resources, liabilities and deferred inflow of resources resulting from nonexchange transactions are recognized in accordance with the requirement of GASB Statement No. 33 "Accounting and Financial Reporting for Nonexchange Transactions."

**Program Revenues**

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues. Program revenues include: 1) charges for services to students or applicants who purchase, use or directly benefit from the goods or services provided by the given function 2) program-specific operating grants and contributions, Transportation, Food Service, Special Revenue Funds such as special education as well as others, and 3) program specific capital grants and contributions.

***Fund Financial Statements (FFS)***

**Governmental Funds**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 30 days after year-end.

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**Summary of Significant Accounting Policies (continued)**

Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Any effect of interfund activity has been eliminated from the district-wide financial statements.

Revenues

*Taxes* . Ad valorem taxes are susceptible to full accrual on the government wide financial statements. Property Tax revenues recognize revenues net of estimated refunds and uncollectible accounts in the period for which the taxes are levied.

*Grants* . Government mandated nonexchange transaction and voluntary nonexchange transactions. Recipients should recognize revenues in the period when all applicable eligibility requirements have been met and the resources are available.

Revenue Recognition for Grants.

Eligibility requirements for government-mandated and voluntary nonexchange transaction comprise one or more of the following:

1. Required characteristics of recipients. The recipient has the characteristics specified by the provider (are required to be school districts).
2. Time requirements. Time requirements specified by enabling legislation or the provider have been met (period when the resources are required to be used).
3. Reimbursements. The provider offers resources on a reimbursement ("expenditure-driven") basis and the recipient has incurred allowable costs under the applicable program.
4. Contingencies. The providers offer of resources is contingent upon a specified action of the recipient and that action has occurred (the recipient has raised the matching funds).

*Entitlement and shared revenues* (which include state equalization and state revenue sharing) are recorded as unrestricted grants-in-aid at the time of receipt or earlier if the susceptible to accrual criteria are 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.

*Other receipts* become measurable and available when cash is received by the District and are recognized as revenue at that time.

Expenditures

*Salaries* are recorded as paid. Salaries for nine-month employees are paid prior to the end of the fiscal year and therefore are not accrued. Salaries for the twelve month employees payroll are accrued.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sale of fixed assets, debt extinguishments, long-term debt proceeds, etc.) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

**STATE OF NEW MEXICO**  
**SANTA ROSA CONSOLIDATED SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**Summary of Significant Accounting Policies (continued)**

**Basis of Budgeting**

Formal budgetary integration is employed as a management control device during the year.

Budgets for the General, Special Revenue, Capital Projects and Debt Service Funds are adopted on a basis inconsistent with generally accepted accounting principles (GAAP). These budgets are prepared using the cash basis of accounting. Budgetary comparisons for the various funds in this report are on the non-GAAP budgetary basis.

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

1. Prior to April 15, (unless a later date is fixed by the Secretary of Education) the local school board submits to the School Budget and Finance Analysis Unit (SBFAU) of the New Mexico Public Education Department an estimated budget for the District for the ensuing fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets submitted to the New Mexico Public Education Department (PED) by the district shall contain headings and details as prescribed by law.
2. Prior to June 20, of each year, the proposed "operating" budget will be reviewed and approved by the SBFAU and certified and approved by the local school board at the public hearing of which notice has been published by the local school board which fixed the estimated budget for the district for the ensuing fiscal year.
3. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the SBFAU and the local school board. The budget shall be integrated formally in to the accounting system. Encumbrances shall be used as an element for control and shall be integrated into the budget system.
4. 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 SBFAU.
5. No school board or officer or employee of the District shall make any expenditures or incur any obligation for the expenditures of public funds unless such expenditure or contractual obligation is made in accordance with an operating budget approved by the division. But this does not prohibit the transfer of funds between line items within a series of a budget.
6. Budget change requests are processed in accordance with Supplement I (Budget Preparation and Maintenance) of the *Manual of Procedures Public School Accounting and Budgeting*. Such changes are initiated by the District and approved by the SBFAU.
7. Legal budget control for expenditures is by function.
8. Appropriations lapse at fiscal year end. Funds unused during the fiscal year may be carried over into the next fiscal year by budgeting those in the subsequent fiscal year's budget. The budget of the District has been amended during the current fiscal year in accordance with these procedures. The budget schedules included in the accompanying financial statements reflect the approved budget and amendments thereto.

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**Summary of Significant Accounting Policies (continued)**

Cash and Cash Equivalents

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.

The District is authorized under the provisions of Chapter 6, Article 10, paragraph 10, NMSA 1978, to deposit its money in banks, savings and loan associations and/or credit unions whose accounts are insured by an agency of the United States.

Investments

All money not immediately necessary for the public uses of the District may be invested in :

- (a) bonds or negotiable securities of the United States, the state or any county, municipality or school district which has a taxable valuation of real property for the last preceding year of at least one million dollars (1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding; or
- (b) securities that are issued by the United States government or by its agencies or instrumentalities and that are either direct obligations of the United States or are backed by the full faith and credit of the United States government or agencies guaranteed by the United States government.
- (c) in contracts with banks, savings and loan associations or credit unions for the present purchase and resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by the investor. The contract shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with the investment. The contract shall be fully secured by obligations of the United States having a market value of at least one hundred two percent of the contract. The collateral required for investment in the contracts provided for in this subsection shall be shown on the books of the financial institution as being the property of the investor and the designation shall be contemporaneous with investment.

Receivables and Payables

Receivables include property taxes, interfund loans that are expected to be paid back and amount due from state government agencies related to various grant agreements. Payables represent routine monthly bills for services rendered and products purchased and accrued salaries and benefits.

Property Taxes

The County collects the District's share of property taxes assessed. Property taxes attach an enforceable lien on property as of January 1st. Tax notices are sent by the County treasurer to property owners by November 1st of each year to be paid in whole or in two installments by November 10th and April 10th of each year. The County collects such taxes and distributes them to the District on a monthly basis. The District accounts for its share of property taxes in the General, Debt Service and Capital Projects Funds. Only those collections received are recorded as revenues for the budget presentation.

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**Summary of Significant Accounting Policies (continued)**

Elimination and Reclassifications of Certain Receivables and Payables

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Inventories and Prepaid Items

Purchased inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the Cafeteria Fund consists of purchased food and non-food items and United States Department of Agriculture (USDA) commodities. Commodities are shown at the USDA procurement cost. Costs are recorded as expenditures at the time individual inventory items are used (consumption method). Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both District-wide and fund financial statements.

Capital Assets

Capital assets are recorded at historical costs and depreciated over their estimated useful lives (with no salvage value). Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Donated capital assets are recorded at their estimated fair market value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

If there are any construction projects funded by the NM Public School Facilities Authority they are included in the appropriate capital projects fund and in the capital assets.

Estimated useful life is management's estimate of how long the asset is expected to meet service demands.

Straight line depreciation is used based on the following estimated useful lives:

Buildings & Improvements	20-50 Years
Equipment, Vehicles, Information Technology Equipment, Software & Library Books	3-15 Years

Capital Leases

Capital leases are recorded at the inception of the leases as expenditures and other financing sources in governmental fund financial statement at the present value of the future minimum lease payments, using the stated or implicit interest rate in the leases. Lease payments are recorded as expenditures on the due date. Capital leases are recorded as a liability in the government-wide financial statement at the time of inception and the corresponding asset is recorded in the capital asset section on the balance sheet.

Short -Term Debt

Short-term debt results from borrowings characterized by anticipation notes, use of lines of credit, and similar loans. The District does not have any activity in short-term debt.

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**Summary of Significant Accounting Policies (continued)**

Long-Term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method or the straight-line method if the difference from the effective interest method is minimal. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual net of debt proceeds received, are reported as debt service expenditures.

Restricted Net Position

For the government-wide statement of net position, net positions are reported as restricted when constraints placed use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available it will first be applied to restricted resources.

Fund Balances of Fund Financial Statements

Nonspendable fund balance indicates that portion of fund equity is not spendable such as inventory.

The restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resources providers, or through enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned fund balance is the residual amount that is not restricted or committed.

Interfund Transfers

In governmental funds, transfers should be reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

Deferred Outflows of Resources

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

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**Summary of Significant Accounting Policies (continued)**

Deferred Inflows of Resources

In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. Deferred Inflows consist of three types. Unearned revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized. Outstanding property taxes that are received after 30 days of the year end are shown as Unearned Revenue on the balance sheet. The third type of deferred inflows of resources relate to pension and other post employment benefits.

Compensated Absences

It is the School District's policy to permit employees to accumulate earned but unused vacation, which no more than 20 days will be paid to employees upon separation from the District's service. Twelve-month employees that are full time are entitled to fourteen days of paid vacation per year. Vacation days may not accrue from one year to the next without the prior approval of the superintendent and is accrued when incurred in the government-wide financial statements. It is the District's policy to pay employees with over 10 years of tenure whom retire, and employees with over 20 years of tenure whom terminate, one half of their accumulated unused sick leave days at the rate of \$50 per day.

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

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

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

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

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

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
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**A. Deposits and Investments**

The District is required by New Mexico State Statute (Section 6-10-17) to be 50% collateralized. Following is a schedule calculating the requirement and disclosing the pledged securities.

	Balance Per Bank 6/30/2019	Reconciled Balance	Type
First National Bank			
Name of Account			
Operational Checking	\$ 1,274,541	\$ 701,934	Interest
Investment Checking	412,689	412,689	Interest
Total Deposited	1,687,230	\$ 1,114,623	
Less: FDIC Coverage	(250,000)		
Uninsured Amount	1,437,230		
50% collateral requirement	718,615		
Pledged Securities	2,341,021		
Over (Under) requirement	\$ 1,622,406		

The difference between the bank balance and the reconciled balance is outstanding deposits, outstanding checks and pending bank adjustments.

The following securities are pledged at **First National Bank**:

<u>Description</u>	<u>CUSIP #</u>	<u>Market Value</u>	<u>Maturity Date</u>	<u>Location</u>
FHLMC POOL #E09015	3129UAQ6	\$ 336,560	12/1/2027	FNB NM
FHLMC POOL #G18527	3128MMSR5	508,858	10/1/2029	Clayton, NM
FNMA POOL #MA1959	31418BE93	253,404	7/1/2034	
FNMA POOL #MA2531	31418BY59	621,184	2/1/2036	
FNR 2011-47 LK	31397UEF2	39,281	12/25/2037	
SBA POOL #522264	83165AWZ3	162,709	8/25/2024	
SBA POOL #522319	83165AYQ1	419,025	12/25/2041	
		\$ 2,341,021		

**Custodial Credit Risk Deposits**

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 250,000
Collateralized:	
Collateral held by the pledging bank in District's name	1,437,230
Uninsured and uncollateralized	-
Total Deposits	\$ 1,687,230

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it.

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**A. Deposits and Investments (Continued)**

The government does not have a deposit policy for custodial credit risk. As of June 30, 2019 none of the District's balance of \$1,804,981 was exposed to custodial risk.

**B. Receivables**

Following is a schedule of receivables as of June 30, 2019:

	General Fund 11000	Senate Bill Nine-Local 31701	Debt Service 41000	Total
Property Taxes Available	\$ 1,108	\$ 5,647	\$ 11,745	\$ 18,500
Unavailable	6,151	30,086	70,776	107,013
	<u>\$ 7,259</u>	<u>\$ 35,733</u>	<u>\$ 82,521</u>	<u>\$ 125,513</u>

	Operational 11000	Food Service 21000	Other Governmental Funds	Total
Due from Grantors:				
State	\$ 22,597			\$ 22,597
Federal Agencies		35,576	386,143	421,719
	<u>\$ 22,597</u>	<u>\$ 35,576</u>	<u>\$ 386,143</u>	<u>\$ 444,316</u>

**C. Interfund Receivables, Payables and Transfers**

<u>Receivable Fund</u>	<u>Payable Funds</u>	
	Other Governmental Funds	Totals
Operational Fund	\$ <u>435,210</u>	\$ <u>435,210</u>

The above interfund balances resulted from reimbursement grants. The shortfalls were covered by the above funds. All transactions will be repaid within one year.

**STATE OF NEW MEXICO  
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**D. Capital Assets**

Capital Assets Balances and Activity for the Year Ended June 30, 2019, is as follows:

	<u>Balance 6/30/2018</u>	<u>Increases</u>	<u>Adjustments</u>	<u>Balance 6/30/2019</u>
<b>Governmental activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land	\$ 878,554	\$ -	\$ -	\$ 878,554
<b>Total capital assets not being depreciated</b>	<u>878,554</u>	<u>-</u>	<u>-</u>	<u>878,554</u>
<u>Capital assets being depreciated:</u>				
Buildings & Improvements	24,743,679	89,061		24,832,740
Equipment, Vehicles, Software & Library Books	<u>5,414,550</u>	<u>75,394</u>		<u>5,489,944</u>
<b>Total capital assets being depreciated</b>	<u>30,158,229</u>	<u>164,455</u>	<u>-</u>	<u>30,322,684</u>
<b>Total capital assets</b>	<u>\$ 31,036,783</u>	<u>\$ 164,455</u>	<u>\$ -</u>	<u>\$ 31,201,238</u>
Less accumulated depreciation:				
Buildings & Improvements	13,258,496	568,900	-	13,827,396
Equipment, Vehicles, Software & Library Books	<u>2,744,737</u>	<u>189,782</u>	<u>-</u>	<u>2,934,519</u>
<b>Total Accumulated Depreciation</b>	<u>16,003,233</u>	<u>758,682</u>	<u>-</u>	<u>16,761,915</u>
<b>Total capital assets, net</b>	<u>\$ 15,033,550</u>	<u>\$ (594,227)</u>	<u>\$ -</u>	<u>\$ 14,439,323</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 476,773
Support Services	
Students	49,366
Instruction	10,387
General Administration	24,545
School Administration	43,345
Central Services	13,392
Operation & Maintenance of Plant	77,147
Student Transportation	30,521
Food Services Operation	<u>33,206</u>
<b>Total Depreciation Expenses</b>	<u>\$ 758,682</u>

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
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**E. Commitments**

The District has no construction commitments on June 30, 2019.

**F. Long-Term Debt and Other Liabilities**

A summary of activity in the Long-Term Debt is as follows:

	<u>Balance 6/30/2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/2019</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds and Notes Payable					
General Obligation					
Bonds	\$ 3,325,000	\$ -	\$ 400,000	\$ 2,925,000	\$ 450,000
Total Bonds	<u>3,325,000</u>	<u>-</u>	<u>400,000</u>	<u>2,925,000</u>	<u>450,000</u>
Other Liabilities:					
Compensated absences	8,259	37,159	21,840	23,578	23,578
Total Other Liabilities	<u>8,259</u>	<u>37,159</u>	<u>21,840</u>	<u>23,578</u>	<u>23,578</u>
Total Long-Term Liabilities	<u>\$ 3,325,000</u>	<u>\$ -</u>	<u>\$ 400,000</u>	<u>\$ 2,925,000</u>	<u>\$ 450,000</u>

Payments on the general obligation bonds are made by the Debt Service Funds.

**General Obligation Bonds**

The following bonds were issued for the purpose of erecting, furnishing, remodeling and making additions to District buildings and improving District grounds. A tax is annually assessed, levied and collected upon all taxable property within the District for the purpose of providing the necessary funds to meet the interest and principal payments as they become due.

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**F. Long-Term Debt and Other Liabilities (Continued)**

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

<u>Series</u>	<u>Date of Issue</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>- Balance</u>
2012	5/15/2012	4,500,000	1.0%-2.5%	\$ 2,525,000
2013	6/15/2013	700,000	2.2%-2.6%	400,000
				<u>\$ 2,925,000</u>

  

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 450,000	\$ 8,975	\$ 458,975
2021	475,000	7,325	482,325
2022	475,000	5,825	480,825
2023	500,000	4,175	504,175
2024-2025	<u>1,025,000</u>	<u>3,100</u>	<u>1,028,100</u>
Total	<u>\$ 2,925,000</u>	<u>\$ 29,400</u>	<u>\$ 2,954,400</u>

**G. Pension Plan**

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

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

The Plan is considered a component unit of the State's financial reporting entity. 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 which is a pension benefit trust fund of the State of New Mexico. 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.

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SANTA ROSA CONSOLIDATED SCHOOLS  
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**G. Pension Plan (Continued)**

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

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

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

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

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

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

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

**STATE OF NEW MEXICO  
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**G. Pension Plan (Continued)**

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

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

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

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

**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 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.

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**G. Pension Plan (Continued)**

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

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

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

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

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

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

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



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**G. Pension Plan (Continued)**

The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. For the fiscal years ended June 30, 2019 and 2018, the District paid employer contributions of \$75,549 and \$68,753, which equal the amount of the required contributions for each 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 \$2,195,140 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018 using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the Board on April 21, 2017. There were no other significant events of changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2018. Therefore, the employer's portion was established as of the measurement date of June 30, 2018. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions at June 30, 2018, actuarially determined. At June 30, 2019, the District's proportion was .01846%, which was an increase of 0.00443% from its proportion measured as of June 30, 2018.

**STATE OF NEW MEXICO  
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**G. Pension Plan (Continued)**

For the year ended June 30, 2019, the District recognized pension income of \$260,367. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	13,997	364,995
Changes of assumptions	3,952,565	-
Net difference between projected and actual earnings on pension plan investments	42,456	-
Changes in proportion and differences between contributions and proportionate share of contributions	611,090	137,722
Employer contributions subsequent to the measurement date	<u>666,436</u>	<u>-</u>
Total	<u>5,286,544</u>	<u>502,717</u>

\$75,549 reported as deferred outflows of resources related to pensions resulting from REC's Contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2019	2,395,194
2020	1,672,969
2021	48,669
2022	559
2023	-
Thereafter	-

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**G. Pension Plan (Continued)**

Actuarial assumptions: The total pension liability in the actuarial valuation as of June 30, 2017 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%										
Salary increases	3.25% composed of 2.50% inflation, plus a 0.75% productivity increase rate, plus a step-rate promotional increase for members with less than 10 years of service.										
Investment rate of return	7.25% compounded annually, net of expenses. This is made up of a 2.50% inflation rate and a 4.75 real rate of return.										
Average of Expected Remaining Service Lives	<table border="0" style="margin-left: 40px;"> <tr> <td style="text-align: right;">Fiscal year</td> <td style="text-align: center;"><u>2017</u></td> <td style="text-align: center;"><u>2016</u></td> <td style="text-align: center;"><u>2015</u></td> <td style="text-align: center;"><u>2014</u></td> </tr> <tr> <td style="text-align: right;">Service life in years</td> <td style="text-align: center;">3.35</td> <td style="text-align: center;">3.77</td> <td style="text-align: center;">3.92</td> <td style="text-align: center;">3.88</td> </tr> </table>	Fiscal year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	Service life in years	3.35	3.77	3.92	3.88
Fiscal year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>							
Service life in years	3.35	3.77	3.92	3.88							
Mortality	<p><b>Healthy males:</b> Based on the RP-2000 Combined Mortality Table with White Collar adjustments, no set back, generational mortality improvements with Scale BB from the table's base year of 2000</p> <p><b>Healthy females:</b> Based on GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with Scale BB from the table's base year of 2012.</p> <p><b>Disabled males:</b> Based on RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB.</p> <p><b>Disabled females:</b> Based on RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.</p> <p><b>Active members:</b> Based on RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table's base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for preretirement mortality.</p>										
Retirement Age	Experience-based table rates based on age and service, adopted by the NMERB Board on April 21, 2017 in conjunction with the six-year experience study for the period ending June 30, 2016.										
Cost-of-living increases	1.90% per year, compounded annually; increases deferred until July 1 following the year a member retires, or the year in which a member attains the age of 65 (67 for Tier 3), whichever is later or, for disabled retirees, until July 1 of the third year following retirement.										

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**G. Pension Plan (Continued)**

Payroll growth	3.00% per year (with no allowance for membership growth).
Contribution accumulation	The accumulated member account balance with interest is estimated at the valuation date by assuming that member contributions increased 5.50% per year for all years prior to the valuation date. Contributions are credited with 4.00% interest, compounded annually, applicable to the account balances in the past as well as the future.
Disability incidence	Approved rates are applied to eligible members with at least 10 years of service.

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

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

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

<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.

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**G. Pension Plan (Continued)**

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

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

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

	1% Decrease █ (4.69%)	Current Discount Rate █ (5.69%)	1% Increase █ (5.69%)
District's proportionate share of the net pension liability	24,924,495	19,178,339	14,489,834

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

**H. Other Post Employment Benefits (OPEB) Plan**

**General Information**

**Plan description.** Employees of the School 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.

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**H. Other Post Employment Benefits (OPEB) Plan (Continued)**

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

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

**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	93,349
	<u>156,025</u>
Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	17,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	48,756
	<u>93,349</u>

**Contributions** – Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee's salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer's participation in the Fund. Contributions to the Fund from the District were \$10,870 for the year ended June 30, 2019.

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
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JUNE 30, 2019**

**H. Other Post Employment Benefits (OPEB) Plan (Continued)**

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

At June 30, 2019, the District reported a liability of \$546,588 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The District's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2018. At June 30, 2018, the District's proportion was 0.01257 percent.

For the year ended June 30, 2019, the School recognized OPEB expense of \$115,550. At June 30, 2019 the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ -	\$ 271,765
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	-	57,283
Changes of Assumptions	-	856,956
Change in Proportion	-	411,309
Contributions made after the measurement date	96,505	-
	\$ 96,505	\$ 1,597,313

Deferred outflows of resources totaling \$10,871 represent District contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:

2020	\$ (388,480)
2021	(388,480)
2022	(388,480)
2023	(319,851)
2024	(112,022)
	\$ (1,597,313)

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**H. Other Post Employment Benefits (OPEB) Plan (Continued)**

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

Valuation Date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB members; 2.25% for PERA members
Projected payroll increases	3.25% to 12.50%, based on years of service, including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 years for Medicare 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.



**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**H. Other Post Employment Benefits (OPEB) Plan (Continued)**

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 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 School's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08 percent) or 1-percentage-point higher (5.08 percent) than the current discount rate:

<u>1% Decrease (3.08%)</u>	<u>Current Discount (4.08%)</u>	<u>1% Increase (5.08%)</u>
5,555,130	4,590,123	3,829,483

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**H. Other Post Employment Benefits (OPEB) Plan (Continued)**

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

<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
3,880,264	4,590,123	5,146,669

***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 Commission did not report a payable for outstanding contributions due to NMRHCA for the year ended June 30, 2019.

**I. Reconciliation of Budgetary Basis to GAAP Basis Statements**

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - all Governmental Fund Types is presented on the budgetary basis to provide a comparison of actual results with the budget. The major differences between the budget basis and GAAP (Generally Accepted Accounting Principles) basis are that:

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

The adjustments necessary to convert the results of operations for the year from GAAP basis to the budget basis for the governmental funds are presented on each individual Statement of Revenues, Expenditures, and Changes in Cash Balance - Budget and Actual (Budgetary Basis).

The reconciliation of budgetary basis to GAAP basis statements are located at the bottom of each budget actual.

**J. 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  
SANTA ROSA CONSOLIDATED SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**K. Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error and omissions; and injuries to employees; and natural disasters. The District, as a New Mexico Public School, is insured through the New Mexico Public Schools Insurance Authority (NMPSIA). Annual premiums are paid by the District to NMPSIA for coverage provided in the following areas:

Property and Automobile Liability and Physical Damage  
Liability and Civil Rights and Personal  
Injury  
Contract School Bus Coverage; and  
Crime

The officials and certain employees of the District are covered by a surety bond as required by Section 12-6-7, NMSA, 1978 Compilation.

**L. Joint Powers Agreements**

The District is part of a joint powers agreement with the Northeast Regional Center Cooperative (NEREC). A regional cooperative center that operates as an agency for school districts and provides cooperative services as its primary service.

The purpose of the agreement is to provide supplementary special education services to local education agencies utilizing federal PL 94-142 funds.

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

The financial statements for the REC were prepared by an IPA. The audit report is available at the REC located on the New Mexico State Auditor's web site.

**M. Concentrations**

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

**N. Tax Abatement Disclosures**

The Cooperative is not aware of any tax abatement disclosures that existed as of June 30, 2019 that would require disclosure under GASB 77.

**O. Subsequent Events**

Subsequent events were evaluated through November 14, 2019, which is the date the financial statements were available to be issued.

## **Required Supplemental Information**

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION FOR PENSION PLAN**

Schedules of Required Supplementary Information for Pension Plan

**Schedule of the District's Proportionate Share of the Net Pension Liability**

Last 10 Fiscal Years\*

Fiscal Year Measurement Date	2019 2018	2018 2017	2017 2016	2016 2015	2015 2014
Districts's proportion of the net pension liability	0.16128%	0.15533%	0.15695%	0.15695%	0.15673%
Districts's proportionate share of the net pension liability	\$19,178,339	\$17,262,550	\$10,537,018	\$10,166,069	\$8,942,583
District's covered payroll	\$4,807,899	\$4,507,343	\$4,421,590	\$4,181,720	\$4,461,726
Districts's proportionate share of the net pension liability as a percentage of its covered-employee payroll	398.89%	382.99%	238.31%	243.11%	200.43%
Plan fiduciary net position as a percentage of the total pension liability	52.17%	52.95%	61.58%	63.97%	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.

**Schedule of District's Contributions**

Last 10 Fiscal Years\*

	2019	2018	2017	2016	2015
Statutory required contributions	666,436	626,521	614,601	581,259	620,180
Contribution in relations to the statutorily required contributions	666,436	626,521	614,601	581,259	620,180
Annual contribution deficiency (excess)	-	-	-	-	-
District's covered-employee payroll	\$4,807,899	\$4,507,343	\$4,421,590	\$4,181,720	\$4,461,726
Contributions as a percentage of covered-employee	13.86%	13.90%	13.90%	13.90%	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 District is not available prior to fiscal year 2015, the year the statement's requirements became effective.

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

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION FOR PENSION PLAN**

**Notes to Required Supplementary Information**

**Changes of benefit terms and assumptions.**

The liabilities reflect the impact of Senate Bill 115, signed into law on March 29, 2013, and new assumptions adopted by the Board of Trustees on June 12, 2015 in conjunction with the six-year experience study period ended June 30, 2014. Specifically, the liabilities measured as of June 30, 2016 incorporate the following assumptions:

- \* All members with annual salary of more than \$20,000 will contribute 10.70% during the fiscal year ending June 30, 2015 and thereafter,
  
- \* Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67,
  
- \* COLAs for most retirees are reduced until NMERB attains a 100% funded status, and
  
- \* For purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years.

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

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION AND NOTES  
FOR OTHER POST EMPLOYMENT BENEFITS**

**Schedule of the District's Proportionate Share of the Net Other Post Employment Benefits (OPEB) Liability**

Last 10 Fiscal Years\*

	<u>2019*</u>	<u>2018</u>
Employer's proportion of the net OPEB liability	0.10556%	0.11452%
Employer's proportionate share of the net OPEB liability	\$4,590,123	\$5,189,672
Employer covered-employee payroll	\$4,529,175	\$4,507,343
Employer's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	101.35%	115.14%
Plan fiduciary net position as a percentage of the total OPEB liability	13.14%	11.34%

\**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 2018, the year the statement's requirements became effective.

**SCHEDULE OF EMPLOYER'S CONTRIBUTIONS**

	<u>2019*</u>	<u>2018</u>
Contractually required contribution	\$96,505	\$90,145
Contributions in relation to the contractually required contribution	\$96,505	\$90,145
Contribution deficiency (excess)	<u>-</u>	<u>-</u>
Employer's covered-employee payroll	\$4,590,123	\$4,507,343
Contributions as a percentage of covered-employee payroll	2.10%	2.00%

\**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 District is not available prior to fiscal year 2018, the year the statement's requirements became effective.

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION AND NOTES  
FOR OTHER POST EMPLOYMENT BENEFITS**

**Notes to Required Supplementary Information**

**Changes of benefit terms and assumptions.** There were no changes in benefit terms from the previous valuation. A description of these benefits may be found at [www.nmrhca.org](http://www.nmrhca.org) by clicking on Retirees. Assumptions are included in the notes to the financial statements Note H.

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



**Supplemental Information**

**Related to Non-Major Funds**

**Athletics (22000).** To account for revenue and expenditures associated with the District's budgeted athletic activities. (NMAC 6.20.2).

**Title I (24101).** To account for a program funded by a Federal grant to supplement the regular instructional program for educationally deprived students. Funding authorized by the Elementary and Secondary Act of 1965, Chapter I of Title I, as amended, Public Laws 100-297, 20 U.S.C. 2701. The fund was created by the authority of federal grant provisions.

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

**IDEA Preschool (24109).** To account for a program funded by a Federal grant to assist the District in providing a free appropriate public education to preschool disabled children aged three through five years. Funding authorized by the Individuals with Disabilities Education Act, Part B, section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, 101-476, and 102-119. The fund was created by the authority of federal grant provisions.

**Fresh Fruit & Vegetables (24118).** To account for a Federal grant to provide a variety of free fresh fruits and vegetables to children to help create a healthier school environment. Funding is authorized by the Agriculture, Rural Development, Food and Drug Administration and Related Agencies Act, signed in November 2005, Public Law 109-97.

**IDEA B Results Plan (24132).** The New Mexico Real Results Plan (NMRRP) is part of New Mexico's State Systemic Improvement Plan, required by the U.S. Department of Education, Office of Special Education Programs. New Mexico's plan supports PED's waiver under the Elementary and Secondary Education Act and the A - F School Grading System. This plan and all its resources specifically target students with disabilities enrolled in Title I schools. PL 108-446 PT B Individuals with Disabilities Education Act.

**Teacher/Principal Training and Recruiting (24154).** To provide grants to State Education Agencies (SEAs) on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in student academic achievement. Elementary and Secondary Education Act of 1965, as amended, Title II, Part A (PL 107-110).

**Rural & Low Income (24160).** To provide financial assistance to rural districts to carry out activities to help improve the quality of teaching and learning in their schools. The authority for the creation of this fund is the Elementary and Secondary Education Act of 1965 (ESEA), Title VI, Part B, as amended.

**Title I School Improvement (24162).** To help schools improve the teaching and learning of children failing, or most at-risk of failing and to meet challenging State academic standards. Funding authorization: Elementary and Secondary Education Act of 1965, Title I, Part A, 20 U.S.C. 6301 et seq.

**Medicaid (25153).** To account for a program providing school-based screening, diagnostic services and other related health services and administrative activities in conformance with the approved Medicaid State Plan in order to improve health and developmental outcomes for children. The fund was created by the authority of federal grant provisions. (Title XIX Social Security Act).

**Dual Credit Instructional Materials (27103).** To provide financial assistance to purchased instructional materials for the college classes offered to students who are taking them for dual credits. The fund was created by the authority of state grant provisions.

**GO Student Library (27107).** To account for revenues and expenditures from a state grant to provide for public school and juvenile detention libraries. The funding made available to update and expand library collections in order to circulate and provide access of materials to students and teachers. Funding provided by the State of New Mexico. The fund was created by the authority of state grant provisions.

**NM Reads to Lead (27114).** To account for revenue and expenditures received from a state grant for the purpose of improving skills of young students in the area of reading. The fund was created by the authority of state grant provisions.

**Pre-K Initiative (27149).** To account for revenues and expenditures from a state grant provided for the running of the Pre K program. The fund was created by state grant provisions.

**Breakfast for Elementary (27155).** To account for revenues and expenditures from a state grant provided for breakfast for elementary students. The fund was created by state grant provisions.

**School Bus (27178).** To account for funds provided by New Mexico Public Education Department to purchase school buses.

**Hard to Staff (27195).** To account for funds provided by the New Mexico Public Education Department to assist with the recruitment and retention of teachers in "hard to staff" content areas. The fund was created by the authority of state grant provisions.

**Wind Farm Projects (29134).** To account for revenue from the wind farm in lieu of property taxes. The fund was created by definition.

**Bond Building (31100).** The revenues are derived from a bond debt levy. Expenditures are restricted to capital improvements.

**Special State Capital Outlay (31400).** To account for a grant received from the state for capital improvements.

**Senate Bill Nine (31700).** The revenues are derived from a district tax levy and matched by the state. Expenditures are restricted to capital improvements.

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
NONMAJOR FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2019**

	Special Revenue Funds		
	Athletics	Title I	IDEA B
	Fund #22000	Fund #24101	Entitlement Fund #24106
<b>Assets</b>			
Cash and cash equivalents	\$ 8,861	\$ -	\$ -
Receivables:			
Due from Grantor	-	109,852	40,063
<b>Total Assets</b>	<u>\$ 8,861</u>	<u>\$ 109,852</u>	<u>\$ 40,063</u>
<b>Liabilities, deferred inflows, and fund balance</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Interfund Balance	-	113,892	72,127
Total liabilities	<u>-</u>	<u>113,892</u>	<u>72,127</u>
Deferred Inflows of Resources			
Unavailable Revenue	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance			
Restricted for			
Special Revenue Funds	8,861	-	-
Capital Improvements	-	-	-
Unassigned	-	(4,040)	(32,064)
Total fund balance	<u>8,861</u>	<u>(4,040)</u>	<u>(32,064)</u>
<b>Total liabilities and fund balance</b>	<u>\$ 8,861</u>	<u>\$ 109,852</u>	<u>\$ 40,063</u>

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
NONMAJOR FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2019**

	Special Revenue Funds		
	IDEA Preschool Fund #24109	Fresh Fruit & Vegetables Fund #24118	IDEA B Results Plan Fund #24132
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Receivables:			
Due from Grantor	-	-	16,263
<b>Total Assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,263</u>
<b>Liabilities, deferred inflows, and fund balance</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Interfund Balance	2,527	324	16,263
Total liabilities	<u>2,527</u>	<u>324</u>	<u>16,263</u>
Deferred Inflows of Resources			
Unavailable Revenue	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance			
Restricted for			
Special Revenue Funds	-	-	-
Capital Improvements	-	-	-
Unassigned	(2,527)	(324)	-
Total fund balance	<u>(2,527)</u>	<u>(324)</u>	<u>-</u>
<b>Total liabilities and fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,263</u>

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
NONMAJOR FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2019**

	<u>Special Revenue Funds</u>		
	Striving Readers Comprehension Literacy Grant Fund #24145	Teacher Principal Training Fund #24154	Rural & Low Income Fund #24160
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Receivables:			
Due from Grantor	120,206	11,943	-
<b>Total Assets</b>	<u>\$ 120,206</u>	<u>\$ 11,943</u>	<u>\$ -</u>
<b>Liabilities, deferred inflows, and fund balance</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Interfund Balance	120,184	12,851	20,069
<b>Total liabilities</b>	<u>120,184</u>	<u>12,851</u>	<u>20,069</u>
Deferred Inflows of Resources			
Unavailable Revenue	-	-	-
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance			
Restricted for			
Special Revenue Funds	22	-	-
Capital Improvements	-	-	-
Unassigned	-	(908)	(20,069)
<b>Total fund balance</b>	<u>22</u>	<u>(908)</u>	<u>(20,069)</u>
<b>Total liabilities and fund balance</b>	<u>\$ 120,206</u>	<u>\$ 11,943</u>	<u>\$ -</u>

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
NONMAJOR FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2019**

	Special Revenue Funds		
	Title I School Improvement Fund #24162	Title IV Fund #24189	Medicaid Fund #25153
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ -	\$ 158,192
Receivables:			
Due from Grantor	-	10,735	11,823
<b>Total Assets</b>	<u>\$ -</u>	<u>\$ 10,735</u>	<u>\$ 170,015</u>
<b>Liabilities, deferred inflows, and fund balance</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Interfund Balance	-	10,735	-
Total liabilities	<u>-</u>	<u>10,735</u>	<u>-</u>
Deferred Inflows of Resources			
Unavailable Revenue	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance			
Restricted for			
Special Revenue Funds	-	-	170,015
Capital Improvements	-	-	-
Unassigned	-	-	-
Total fund balance	<u>-</u>	<u>-</u>	<u>170,015</u>
<b>Total liabilities and fund balance</b>	<u>\$ -</u>	<u>\$ 10,735</u>	<u>\$ 170,015</u>

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
NONMAJOR FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2019**

	Special Revenue Funds		
	Duel Credit Instructional Materials Fund #27103	GO Student Library Fund #27107	NM Reads to Lead Fund #27114
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Receivables:			
Due from Grantor	-	-	-
<b>Total Assets</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Liabilities, deferred inflows, and fund balance</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Interfund Balance	407	-	-
Total liabilities	<u>407</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources			
Unavailable Revenue	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance			
Restricted for			
Special Revenue Funds	-	-	-
Capital Improvements	-	-	-
Unassigned	(407)	-	-
Total fund balance	<u>(407)</u>	<u>-</u>	<u>-</u>
<b>Total liabilities and fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
NONMAJOR FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2019**

	Special Revenue Funds		
	Excellence in Teaching Fund #27125	Pre-K Initiative Fund #27149	Breakfast for Elementary Fund #27155
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Receivables:			
Due from Grantor	-	57,214	-
<b>Total Assets</b>	\$ -	\$ 57,214	\$ -
<b>Liabilities, deferred inflows, and fund balance</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Interfund Balance	-	57,787	-
Total liabilities	-	57,787	-
Deferred Inflows of Resources			
Unavailable Revenue	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund balance			
Restricted for			
Special Revenue Funds	-	-	-
Capital Improvements	-	-	-
Unassigned	-	(573)	-
Total fund balance	-	(573)	-
<b>Total liabilities and fund balance</b>	\$ -	\$ 57,214	\$ -

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
NONMAJOR FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2019**

	Special Revenue Funds		
	School Bus Fund #27178	Hard to Staff Fund #27195	Wind Farm Projects Fund #29134
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ -	\$ 44,753
Receivables:			
Due from Grantor	-	-	-
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 44,753</b>
<b>Liabilities, deferred inflows, and fund balance</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Interfund Balance	-	-	-
Total liabilities	-	-	-
Deferred Inflows of Resources			
Unavailable Revenue	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund balance			
Restricted for			
Special Revenue Funds	-	-	44,753
Capital Improvements	-	-	-
Unassigned	-	-	-
Total fund balance	-	-	44,753
<b>Total liabilities and fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 44,753</b>

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
NONMAJOR FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2019**

	Capital Projects Funds		
	Bond Building Fund #31100	Special Capital Outlay State Fund #31400	Senate Bill Nine-State Fund #31700
<b>Assets</b>			
Cash and cash equivalents	\$ 59,095	\$ -	\$ -
Receivables:			
Due from Grantor	-	-	8,044
<b>Total Assets</b>	\$ 59,095	\$ -	\$ 8,044
<b>Liabilities, deferred inflows, and fund balance</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Interfund Balance	-	-	8,044
Total liabilities	-	-	8,044
Deferred Inflows of Resources			
Unavailable Revenue	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund balance			
Restricted for			
Special Revenue Funds	-	-	-
Capital Improvements	59,095	-	-
Unassigned	-	-	-
Total fund balance	59,095	-	-
<b>Total liabilities and fund balance</b>	\$ 59,095	\$ -	\$ 8,044

**STATE OF NEW MEXICO**  
**SANTA ROSA CONSOLIDATED SCHOOLS**  
**NONMAJOR FUNDS**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2019**

<b>Assets</b>	<u>Total</u>
Cash and cash equivalents	\$ 270,901
Receivables:	
Due from Grantor	<u>386,143</u>
<b>Total Assets</b>	<b>\$ <u><u>657,044</u></u></b>
<b>Liabilities, deferred inflows, and fund balance</b>	
Liabilities:	
Accounts payable	\$ -
Interfund Balance	<u>435,210</u>
Total liabilities	<u>435,210</u>
Deferred Inflows of Resources	
Unavailable Revenue	<u>-</u>
Total Deferred Inflows of Resources	<u>-</u>
Fund balance	
Restricted for	
Special Revenue Funds	223,651
Capital Improvements	59,095
Unassigned	<u>(60,912)</u>
Total fund balance	<u>221,834</u>
<b>Total liabilities and fund balance</b>	<b>\$ <u><u>657,044</u></u></b>

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
NONMAJOR FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2019**

	Special Revenue Funds		
	Athletics Fund #22000	Title I Fund #24101	IDEA B Entitlement Fund #24106
<b>Revenues:</b>			
Property Taxes	\$ -	\$ -	\$ -
Fees	52,004	-	-
State and Local Grants	-	-	-
Federal Grants	-	175,470	212,724
Interest Income	-	-	-
Contributions	8,085	-	-
Miscellaneous	-	-	-
<b>Total revenues</b>	<u>60,089</u>	<u>175,470</u>	<u>212,724</u>
<b>Expenditures:</b>			
Current:			
Instruction	54,781	172,739	173,488
Support services:			
Students	-	-	6,746
Instruction	-	-	-
General Administration	-	6,771	-
School Administration	-	-	61,176
Central Services	-	-	-
Operation of Plant	-	-	-
Student Transportation	-	-	3,378
Food Service Operations	-	-	-
Capital Outlay	-	-	-
<b>Total expenditures</b>	<u>54,781</u>	<u>179,510</u>	<u>244,788</u>
<i>Excess (deficiency) or revenues over expenditures</i>	<u>5,308</u>	<u>(4,040)</u>	<u>(32,064)</u>
<b>Fund balance (deficit) at beginning of the year</b>	<u>3,553</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u>\$ 8,861</u>	<u>\$ (4,040)</u>	<u>\$ (32,064)</u>

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

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
NONMAJOR FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2019**

	Special Revenue Funds		
	IDEA Preschool Fund #24109	Fresh Fruit & Vegetables Fund #24118	IDEA B Results Plan Fund #24132
<b>Revenues:</b>			
Property Taxes	\$ -	\$ -	\$ -
Fees	-	-	-
State and Local Grants	-	-	-
Federal Grants	12,923	3,327	38,901
Interest Income	-	-	-
Contributions	-	-	-
Miscellaneous	-	-	-
<b>Total revenues</b>	12,923	3,327	38,901
<b>Expenditures:</b>			
Current:			
Instruction	15,450	-	38,901
Support services:			
Students	-	-	-
Instruction	-	-	-
General Administration	-	-	-
School Administration	-	-	-
Central Services	-	-	-
Operation of Plant	-	-	-
Student Transportation	-	-	-
Food Service Operations	-	3,651	-
Capital Outlay	-	-	-
<b>Total expenditures</b>	15,450	3,651	38,901
<i>Excess (deficiency) or revenues over expenditures</i>	<i>(2,527)</i>	<i>(324)</i>	<i>-</i>
<b>Fund balance (deficit) at beginning of the year</b>	-	-	-
<b>Fund balance at end of the year</b>	\$ (2,527)	\$ (324)	\$ -

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

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
NONMAJOR FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2019**

	Special Revenue Funds		
	Striving Readers Comprehension Literacy Grant <u>Fund #24145</u>	Teacher Principal Training <u>Fund #24154</u>	Rural & Low Income Fund #24160
<b>Revenues:</b>			
Property Taxes	\$ -	\$ -	\$ -
Fees	-	-	-
State and Local Grants	-	-	-
Federal Grants	297,612	23,285	-
Interest Income	-	-	-
Contributions	-	-	-
Miscellaneous	-	-	-
<b>Total revenues</b>	<u>297,612</u>	<u>23,285</u>	<u>-</u>
<b>Expenditures:</b>			
Current:			
Instruction	281,590	23,252	19,548
Support services:			
Students	16,000	-	-
Instruction	-	-	-
General Administration	-	941	521
School Administration	-	-	-
Central Services	-	-	-
Operation of Plant	-	-	-
Student Transportation	-	-	-
Food Service Operations	-	-	-
Capital Outlay	-	-	-
<b>Total expenditures</b>	<u>297,590</u>	<u>24,193</u>	<u>20,069</u>
<i>Excess (deficiency) or revenues over expenditures</i>	<u>22</u>	<u>(908)</u>	<u>(20,069)</u>
<b>Fund balance (deficit) at beginning of the year</b>	-	-	-
<b>Fund balance at end of the year</b>	<u>\$ 22</u>	<u>\$ (908)</u>	<u>\$ (20,069)</u>

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

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
NONMAJOR FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2019**

	Special Revenue Funds		
	Title I School Improvement <u>Fund #24162</u>	Title IV <u>Fund #24189</u>	Medicaid <u>Fund #25153</u>
<b>Revenues:</b>			
Property Taxes	\$ -	\$ -	\$ -
Fees	-	-	-
State and Local Grants	-	-	-
Federal Grants	-	12,676	126,409
Interest Income	-	-	-
Contributions	-	-	-
Miscellaneous	-	-	-
<b>Total revenues</b>	-	12,676	126,409
<b>Expenditures:</b>			
Current:			
Instruction	-	12,676	-
Support services:			
Students	-	-	87,334
Instruction	-	-	-
General Administration	-	-	-
School Administration	-	-	-
Central Services	-	-	-
Operation of Plant	-	-	-
Student Transportation	-	-	-
Food Service Operations	-	-	-
Capital Outlay	-	-	-
<b>Total expenditures</b>	-	12,676	87,334
<i>Excess (deficiency) or revenues over expenditures</i>	-	-	39,075
<b>Fund balance (deficit) at beginning of the year</b>	-	-	130,940
<b>Fund balance at end of the year</b>	\$ -	\$ -	\$ 170,015

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



**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
NONMAJOR FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2019**

	Special Revenue Funds		
	Duel Credit Instructional Materials <u>Fund #27103</u>	GO Student Library <u>Fund #27107</u>	NM Reads to Lead <u>Fund #27114</u>
<b>Revenues:</b>			
Property Taxes	\$ -	\$ -	\$ -
Fees	-	-	-
State and Local Grants	2,307	-	-
Federal Grants	-	-	-
Interest Income	-	-	-
Contributions	-	-	-
Miscellaneous	-	381	-
<b>Total revenues</b>	<u>2,307</u>	<u>381</u>	<u>-</u>
<b>Expenditures:</b>			
Current:			
Instruction	-	-	-
Support services:			
Students	-	-	-
Instruction	2,714	381	-
General Administration	-	-	-
School Administration	-	-	-
Central Services	-	-	-
Operation of Plant	-	-	-
Student Transportation	-	-	-
Food Service Operations	-	-	-
Capital Outlay	-	-	-
<b>Total expenditures</b>	<u>2,714</u>	<u>381</u>	<u>-</u>
<i>Excess (deficiency) or revenues over expenditures</i>	<u>(407)</u>	<u>-</u>	<u>-</u>
<b>Fund balance (deficit) at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u>\$ (407)</u>	<u>\$ -</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
NONMAJOR FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2019**

	Special Revenue Funds		
	Excellence in Teaching Fund #27125	Pre-K Initiative Fund #27149	Breakfast for Elementary Fund #27155
<b>Revenues:</b>			
Property Taxes	\$ -	\$ -	\$ -
Fees	-	-	-
State and Local Grants	16,148	111,445	12,401
Federal Grants	-	-	-
Interest Income	-	-	-
Contributions	-	-	-
Miscellaneous	-	400	-
<b>Total revenues</b>	<u>16,148</u>	<u>111,845</u>	<u>12,401</u>
<b>Expenditures:</b>			
Current:			
Instruction	16,148	105,763	-
Support services:			
Students	-	-	-
Instruction	-	-	-
General Administration	-	1,110	-
School Administration	-	5,545	-
Central Services	-	-	-
Operation of Plant	-	-	-
Student Transportation	-	-	-
Food Service Operations	-	-	12,401
Capital Outlay	-	-	-
<b>Total expenditures</b>	<u>16,148</u>	<u>112,418</u>	<u>12,401</u>
<i>Excess (deficiency) or revenues over expenditures</i>	<u>-</u>	<u>(573)</u>	<u>-</u>
<b>Fund balance (deficit) at beginning of the year</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u>\$ -</u>	<u>\$ (573)</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
NONMAJOR FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2019**

	Special Revenue Funds		
	School Bus Fund #27178	Hard to Staff Fund #27195	Wind Farm Projects Fund #29134
<b>Revenues:</b>			
Property Taxes	\$ -	\$ -	\$ -
Fees	-	-	-
State and Local Grants	1,000	-	65,937
Federal Grants	-	-	-
Interest Income	-	-	-
Contributions	-	-	-
Miscellaneous	-	-	-
<b>Total revenues</b>	1,000	-	65,937
<b>Expenditures:</b>			
Current:			
Instruction	-	-	6,043
Support services:			
Students	-	-	-
Instruction	-	-	-
General Administration	-	-	2,828
School Administration	-	-	-
Central Services	-	-	-
Operation of Plant	-	-	45,547
Student Transportation	-	-	-
Food Service Operations	1,000	-	-
Capital Outlay	-	-	-
<b>Total expenditures</b>	1,000	-	54,418
<i>Excess (deficiency) or revenues over expenditures</i>	-	-	11,519
<b>Fund balance (deficit) at beginning of the year</b>	-	-	33,234
<b>Fund balance at end of the year</b>	\$ -	\$ -	\$ 44,753

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

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
NONMAJOR FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2019**

	Capital Projects Funds		
	Bond Building Fund #31100	Special Capital Outlay State Fund #31400	Senate Bill Nine-State Fund #31700
<b>Revenues:</b>			
Property Taxes	\$ -	\$ -	\$ -
Fees	-	-	-
State and Local Grants	-	-	27,350
Federal Grants	-	-	-
Interest Income	8,538	-	-
Contributions	-	-	-
Miscellaneous	-	-	-
<b>Total revenues</b>	<u>8,538</u>	<u>-</u>	<u>27,350</u>
<b>Expenditures:</b>			
Current:			
Instruction	-	-	-
Support services:			
Students	-	-	-
Instruction	-	-	-
General Administration	-	-	-
School Administration	-	-	-
Central Services	-	-	-
Operation of Plant	-	-	-
Student Transportation	-	-	-
Food Service Operations	-	-	-
Capital Outlay	4,138	-	27,350
<b>Total expenditures</b>	<u>4,138</u>	<u>-</u>	<u>27,350</u>
<i>Excess (deficiency) or revenues over expenditures</i>	<u>4,400</u>	<u>-</u>	<u>-</u>
<b>Fund balance (deficit) at beginning of the year</b>	<u>54,695</u>	<u>-</u>	<u>-</u>
<b>Fund balance at end of the year</b>	<u>\$ 59,095</u>	<u>\$ -</u>	<u>\$ -</u>

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

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
NONMAJOR FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Total</u>
<b>Revenues:</b>	
Property Taxes	\$ -
Fees	52,004
State and Local Grants	236,588
Federal Grants	903,327
Interest Income	8,538
Contributions	8,085
Miscellaneous	781
<b>Total revenues</b>	<u>1,209,323</u>
<b>Expenditures:</b>	
Current:	
Instruction	920,379
Support services:	
Students	110,080
Instruction	3,095
General Administration	12,171
School Administration	66,721
Central Services	-
Operation of Plant	45,547
Student Transportation	3,378
Food Service Operations	17,052
Capital Outlay	31,488
<b>Total expenditures</b>	<u>1,209,911</u>
<i>Excess (deficiency) or revenues over expenditures</i>	<u>(588)</u>
<b>Fund balance (deficit) at beginning of the year</b>	<u>222,422</u>
<b>Fund balance at end of the year</b>	<u>\$ 221,834</u>

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

## **Other Supplemental Information**

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
AGENCY FUNDS  
JUNE 30, 2019**

**Fiduciary Fund**

**Activity Trust Fund**

To account for funds of various student groups that are custodial in nature.

Agency Funds - Activity

Schedule of Fiduciary Assets and Liabilities-Agency Funds

For the Year Ended June 30, 2019

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
AGENCY FUNDS  
JUNE 30, 2019**

	Balance 6/30/2018	Receipts	Expenditures	Balance 6/30/2019
<b>Elementary</b>				
General Account	\$ 13,820	\$ 19,728	\$ 26,752	\$ 6,796
National Honor Society	475	261	392	344
Total Elementary	<u>14,295</u>	<u>19,989</u>	<u>27,144</u>	<u>7,140</u>
<b>Anton Chico</b>				
General Fund	3,901	19,735	16,915	6,721
Athletics	209	-	150	59
Student Council	2,286	6,500	6,057	2,729
MESA	2,560	6,350	6,317	2,593
Total Anton Chico	<u>8,956</u>	<u>32,585</u>	<u>29,439</u>	<u>12,102</u>
<b>Middle School</b>				
General Fund	9,626	11,749	8,637	12,738
MS Athletics	486	1,200	607	1,079
Student Council	691	10,283	10,675	299
Honor Society	878	410	160	1,128
Mesa	1,852	322	136	2,038
Yearbook	-	1,717	402	1,315
Total Middle School	<u>13,533</u>	<u>25,681</u>	<u>20,617</u>	<u>18,597</u>
<b>High School</b>				
General Fund	6,137	11,357	13,294	4,200
HS Athletics	4,564	46,943	44,335	7,172
Student Council	2,821	7,723	8,136	2,408
EL Leon	1,402	3,313	544	4,171
National Honor Society	341	949	1,288	2
Mesa	3,479	294	617	3,156
Shop	494	-	-	494
BPA	35	16,574	16,449	160
FFA	1,757	-	1,457	300
Ben Baca Learning Center	124	-	-	124
Class of 2016	1,393	-	-	1,393
Class of 2017	1,128	-	-	1,128
Class of 2018	1,173	-	18	1,155
Class of 2019	2,123	905	2,080	948
Class of 2020	1,069	1,627	755	1,941
Class of 2021	540	385	39	886
Class of 2022	-	860	148	712
Board of Education Scholarship	5,321	5,355	5,833	4,843
Rudolfo Anaya Scholarship	3,250	1,000	1,750	2,500
Aragonne Wind Scholarship	2,694	-	-	2,694
Flores Scholarship	400	-	-	400
GEO Scholarship	6,000	6,889	7,038	5,851
Total High School	<u>46,245</u>	<u>104,174</u>	<u>103,781</u>	<u>46,638</u>
Total Activities	<u>\$ 83,029</u>	<u>\$ 182,429</u>	<u>\$ 180,981</u>	<u>\$ 84,477</u>



**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
CASH RECONCILIATION ALL FUNDS  
JUNE 30, 2019**

		Beginning Cash <u>6/30/2018</u>	Revenue <u>        </u>	Expenditures <u>        </u>	Ending Cash <u>6/30/2019</u>
Operational	11000	\$ 729,393	\$ 6,196,475	\$ 6,364,792	\$ 561,076
Transportation	13000	1,620	435,115	435,020	1,715
Instructional Materials	14000	25,940	21,960	12,007	35,893
Food Service	21000	238,630	451,515	463,976	226,169
Athletics	22000	3,553	60,089	54,781	8,861
Federal Flowthrough	24000	(218,163)	686,018	830,166	(362,311)
Federal Direct	25000	131,620	114,586	88,014	158,192
State Flowthrough	27000	(80,993)	167,860	145,060	(58,193)
Local/State	29000	33,233	65,937	54,418	44,752
Bond Building	31100	54,693	8,538	4,138	59,093
Special CO State	31400	-	-	-	-
Senate Bill Nine-State	31700	(6,335)	25,641	27,350	(8,044)
Senate Bill Nine-Local	31701	343,953	229,170	406,297	166,826
Debt Service	41000	149,619	527,001	480,370	196,250
Activities	23000	83,029	182,430	180,983	84,476
Total		<u>\$ 1,489,792</u>	<u>\$ 9,172,335</u>	<u>\$ 9,547,372</u>	<u>\$ 1,114,755</u>

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

## **Federal Compliance**

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019**

Federal Agency/Pass Through Grantor/Program Title	Federal CFDA Number	State ID Number	Total Federal Awards Expended
<u>U.S. Department of Agriculture</u>			
Pass-through State Public Education Department:			
School Breakfast Program	10.553		\$ 12,401
National School Lunch Program	10.555		411,622
Pass-through Children, Youth, and Families Department			
National School Lunch Program	10.555		8,698
Pass-through State Department of Human Services:			
Commodity Supplemental Food Program	10.565	(1)	42,341
Total Child Nutrition Cluster			<u>475,062</u>
Pass-through State Public Education Department:			
Fresh Fruit and Vegetables	10.582		<u>3,651</u>
Total U.S. Department of Agriculture			<u>478,713</u>
<u>U.S. Department of Education</u>			
Pass-through State Public Education Department:			
Special Education Cluster			
IDEA B Entitlement	84.027		244,788
IDEA B Results Plan	84.027		38,901
IDEA Preschool	84.173		15,450
			<u>299,139</u>
Pass-through State Public Education Department:			
Title I	84.010		179,510
Title I School Improvement	84.010		-
Teacher/Principal Training and Recruiting	84.367		24,193
Rural & Low Income	84.358		20,069
			<u>223,772</u>
Total U.S. Department of Education			<u>522,911</u>
Total Federal Assistance			<u>\$ 1,300,763</u>

(1) Non-cash assistance

See accompanying notes to the Schedule of Expenditures of Federal Awards

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019**

Note 1: Significant Accounting Policies used in preparing the Schedule of Expenditure of Federal Awards

The modified accrual basis was used to prepare the Schedule of Expenditures of Federal Awards

Note 2: Insurance Requirements

There are no insurance requirements on the federal awards disclosed on the Schedule of Expenditures of Federal Awards

Note 3: Loans or Loan Guarantees

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

Note 4: De Minimis Indirect Rate

The District did not elect to use the 10% de minimis indirect cost rate.

Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial  
Statements Performed In Accordance with  
*Government Auditing Standards*

Independent Auditor's Report

Mr. Brian Colón  
State Auditor of the State of New Mexico  
Board Members of the Santa Rosa Consolidated Schools

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 Santa Rosa Consolidated Schools (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 and the budgetary comparisons of the major capital project, and debt service fund of the District, presented as supplemental information, and have issued our report thereon dated November 14, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did identify certain deficiencies in internal control that we consider to be material weaknesses. 2019-004 and 2019-005. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be significant deficiencies. 2019-001, 2019-002, 2019-003.

### 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 an instance 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 item 2019-001, 2019-002, 2019-003, 2019-004, and 2019-005.

### District's Responses to Findings

The District's responses to the findings identified in our audit as described in the accompanying Schedule of Findings and Questioned Cost. 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 District'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.

*Baldwin Accounting & Consulting, LLC*

***Baldwin Accounting & Consulting, LLC***

Albuquerque, New Mexico  
November 14, 2019

Report on Compliance With Requirements  
Applicable To Each Major Federal Program and  
Internal Control Over Compliance in Accordance With  
OMB Uniform Guidance

Independent Auditor's Report

Mr. Brian Colón  
State Auditor of the State of New Mexico  
Board Members of the Santa Rosa Consolidated Schools

Compliance

We have audited Santa Rosa Consolidated Schools (District) compliance with the types of compliance requirements described in the *Title 2 U.S. CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements. 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 in the *Uniform Guidance*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

### Report on Internal Control Over Compliance

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

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

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

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

*Baldwin Accounting & Consulting, LLC*

**Baldwin Accounting & Consulting, LLC**

Albuquerque, New Mexico  
November 14, 2019



**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
SUMMARY OF AUDIT RESULTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**A. Summary of Audit Results**

Financial Statements

Type of auditor's report issued Unmodified

Internal control over financial reporting

\* Material weaknesses identified? Yes

\* Significant deficiencies identified? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

\* Material weaknesses identified? No

\* Significant deficiencies identified? No

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance No

Identification of major programs:

<u>CFDA Numbers)</u>	<u>Name of Federal Program of Cluster</u>
10.553	Child Nutrition Cluster
	School Breakfast Program
10.555	National School Lunch Program

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

Audited qualified as low risk Auditee Yes

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**Federal Compliance Findings**

**Prior Year Audit Findings**

None

**Current Year Audit Findings**

None

**Financial Statement Findings**

	<u>Status</u>
2015-003 Personnel Files	Resolved
2016-001 Expenditures	Repeated & Modified
2016-003 Receipts Books	Repeated & Modified
2018-001 Unbalance Budget	Repeated & Modified
2018-003 Compensatory Time in Lieu of Overtime	Resolved
2018-004 ERB – Compliance	Resolved
2018-005 NMPSIA – Compliance	Resolved
2018-006 Contracts and Pay	Resolved

**Current Year Audit Findings**

- 2019-001 Deficiencies in Accounting for Capital Assets
- 2019-002 Lack of Internal Controls over Payroll

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**2019-001 (2016-001) Expenditures-Compliance and Internal Control-Significant Deficiency**

*Condition:* One out of forty disbursements tested, we noted the following:

Fund 21000 - One expenditures totaling \$814.95 reviewed had a purchase order dated after the invoice date (After-the-fact POs).

**Management has made progress resolving this finding, as internal control procedures have been improved upon from the prior year. Management has communicated the importance of timely issuing purchase orders.**

*Criteria:* In accordance with 6.20.2.17 each school district shall establish and implement written policies and procedures for purchasing which shall be in compliance with the Procurement Code, Section 13-1-21 et seq, NMSA 1978.

*Cause:* Lack of procedure stems from the building levels particularly with sponsors and coaches.

*Effect:* Without proper documentation and following the procurement act, there are not adequate controls over expenditures. Results could be over spending.

*Recommendation:* Personnel should be trained in the procurement process and there should be consequences for failing to follow the process.

*Management Response:* We have created internal controls with each school along with a specified Memo detailing the procurement/P.O. protocol. District Business Manager/Superintendent/Principals will need to reprimand employees along with declining requisitions that are created after the fact. District employees and office staff are aware and have been properly advised of requisition and purchase order procedures. Policies and procedures are established as posted on the N.M.S.B.A. Policy Portal.

*Responsible Party and Timeline:* The Superintendent is responsible for this finding. This finding will be resolved within the next fiscal year.

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**2019-002 (2016-003) Receipt Books-Compliance and Internal Control-Significant Deficiency**

*Condition:* A general review of all receipts issued revealed the following:

- (1) On three out of forty instances of gate and concession sales, there was no indication of a second approver.
- (2) On one out of forty deposits, the deposit was not made within 24 hours of collection,

**Management has made progress resolving this finding, as there were fewer occurrences this year as compared to the prior year. Management as communicated the importance of documenting the second reviewer for gate and concession sales, and also the importance of making each deposit within twenty-four hours of receipt.**

*Criteria:* NMAC 6.20.2.14(c) Cash Controls Standards 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. 6.20.2.11 NMSA Internal Control Structure Standards. Internal controls and procedures should be in writing and followed allowing documentation for the responsible party. Also see NMPED Manual of Procedures PSAB Supplement 18 Student Activity & Athletics for a comprehensive discussion of internal controls.

*Cause:* Some of the personnel were not aware of the requirements for receipting money, others have become lax in the process.

*Effect:* Activity funds pose a high risk of fraud making the implementation of a strong internal control system very important. Without a strong working control system, activity funds could easily be misappropriated.

*Recommendation:* Procedures following NMAC 6.20.2.11 and NMAC 6.20.2.14 should be in writing and training of all staff should occur to resolve this finding. Written procedures that include internal controls should be provided to all personnel.

*Management Response:* We have created internal controls with each school along with a specified Memo detailing the procurement/P.O. protocol. District Business Manager/Superintendent/Principals will need to reprimand employees along with declining requisitions that are created after the fact. District employees and office staff are aware and have been properly advised of requisition and purchase order procedures. Policies and procedures are established as posted on the N.M.S.B.A. Policy Portal.

*Responsible Party and Timeline:* The Superintendent is responsible for this finding. This finding will be resolved within the next fiscal year.

STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019

**2019-003 (2018-001) Unbalanced Budget-Compliance and Internal Control-Significant Deficiency**

*Condition:* The District did not have a sufficient beginning cash balance to balance the budget in the following funds:

*Major Funds:* Operational Fund 11000 \$(284)

**Management has made progress resolving this finding, as there were fewer budgets that did not have sufficient beginning cash balance during the fiscal year.**

*Criteria:* Section 2.2.2.10. (P) (1), NMAC, requires all school district funds, with the exception of agency funds, to be budgeted by the local governing body and submitted to the PED for approval. Cash balances budgeted to make up the deficit budgeted revenues that do not cover the budgeted expenditures, cannot exceed the actual cash balance available at the end of the prior year.

*Cause:* The District does not have a procedure in place to ensure sufficient beginning cash balances exist to absorb budget deficits.

*Effect:* The District will have to supplement the budget deficit with other funds, which may lead to financial difficulties and deplete the budget in other funds.

*Recommendation:* BARS should be issued shortly after audited cash balances are confirmed reducing budgeted expenditures if estimated cash balances were more the actual cash balances used to balance the budget.

*Management Response:* Unbalanced budget-compliance finding has been addressed. We had developed a spreadsheet that is completed after we receive the audited cash balances. Submission of B.A.R.'s will be submitted to N.M.P.E.D. on an as need basis.

*Responsible Party and Timeline:* The Business Manager is responsible for this finding. This finding will be resolved within the next fiscal year.

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**2019-004 Deficiencies in Accounting for Capital Assets - (Material Weakness)**

*Condition:* An asset listing has not been maintained for asset additions and disposals as of June 30, 2019. Computers were disposed of during the year, but they could not be located on the fixed asset listing and removed. The total amount of assets disposed of were immaterial to the financial statements. Additional work was needed to correctly identify asset additions that were required to be capitalized.

*Criteria:* Section 2.20.1.15 of NMAC requires agencies to properly safeguard assets. All assets within an established materiality limit should be tagged with unique numbers and accounted for on the capital asset listing. Current year expenditures in capital projects accounts should be accounted for on the inventory listing. Assets that have been sold or are no longer serviceable should be deleted from inventory by Section 2.20.1.18 of NMAC.

*Cause:* Improper treatment due to inadequate procedures of fixed assets has caused inaccurate recording.

*Effect:* Inaccurate recording of capital assets will cause the net position to be either under or overstated and subject the District to possible misappropriation of assets.

*Recommendation:* Set policies and procedures on the record, and the oversight of the fixed asset schedule will help in keeping accurate records.

*Management Response:* We have set policies and procedures that will provide for the oversight of the fixed asset schedule. We will require that fixed assets are documented in our district accounting system. The District will also provide the necessary and proper training for our fixed assets personnel.

*Responsible Party and Timeline:* The Superintendent is responsible for this finding. This finding will be resolved within the next fiscal year.

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2019**

**2019-005 Lack of Internal Controls over Payroll (Material Weakness)**

*Condition:* As part of our testwork over internal controls for payroll processing we tested hourly employee's timesheets. For the hourly employees, thirteen of the forty tested were not approved. Payroll would still be processed even without the timesheet approval.

*Criteria:* State Auditor Rule 2.2.2.10 J, and Section 12-6-5, NMSA 1978, require good accounting practices to be followed. Timesheets should be approved.

*Effect:* The District is at risk of that employees may submit incorrect or fraudulent time that they do not work to their timesheet.

*Cause:* Insufficient review and approval of timesheets and subsequent processing of payroll even without timesheet approval.

*Auditor's Recommendation:* We recommend all timesheets be reviewed and approved before payroll is processed.

*Management's Response:* We have created policy and procedures with each school's administrator along with a specified Memo detailing the Importance of approving timesheets, for hourly employees, in a timely manner so the business office can run payroll at the specified time. Superintendent will need to reprimand Administrators if timesheets are not approved within the required time frame.

*Responsible Party and Timeline:* The Superintendent is responsible for this finding. This finding will be resolved immediately.

**STATE OF NEW MEXICO  
SANTA ROSA CONSOLIDATED SCHOOLS  
EXIT CONFERENCE  
FOR THE YEAR ENDED JUNE 30, 2019**

The contents of this report were discussed at an exit conference held November 14, 2019. The District was represented by:

Lorraine Madrid, Board President  
Marcella Sisneros, Board Member  
Martin Madrid, Superintendent  
Sonia Tenorio, Business Manager

The firm of Baldwin Accounting & Consulting, LLC was represented by:

Lee Baldwin, CPA, CFE, CGFM – Accounting Director

Preparation of Financial Statements

The financial statements in this report were prepared substantially by the Independent Audit firm of Baldwin Accounting & Consulting, LLC, with the assistance of the District's management.