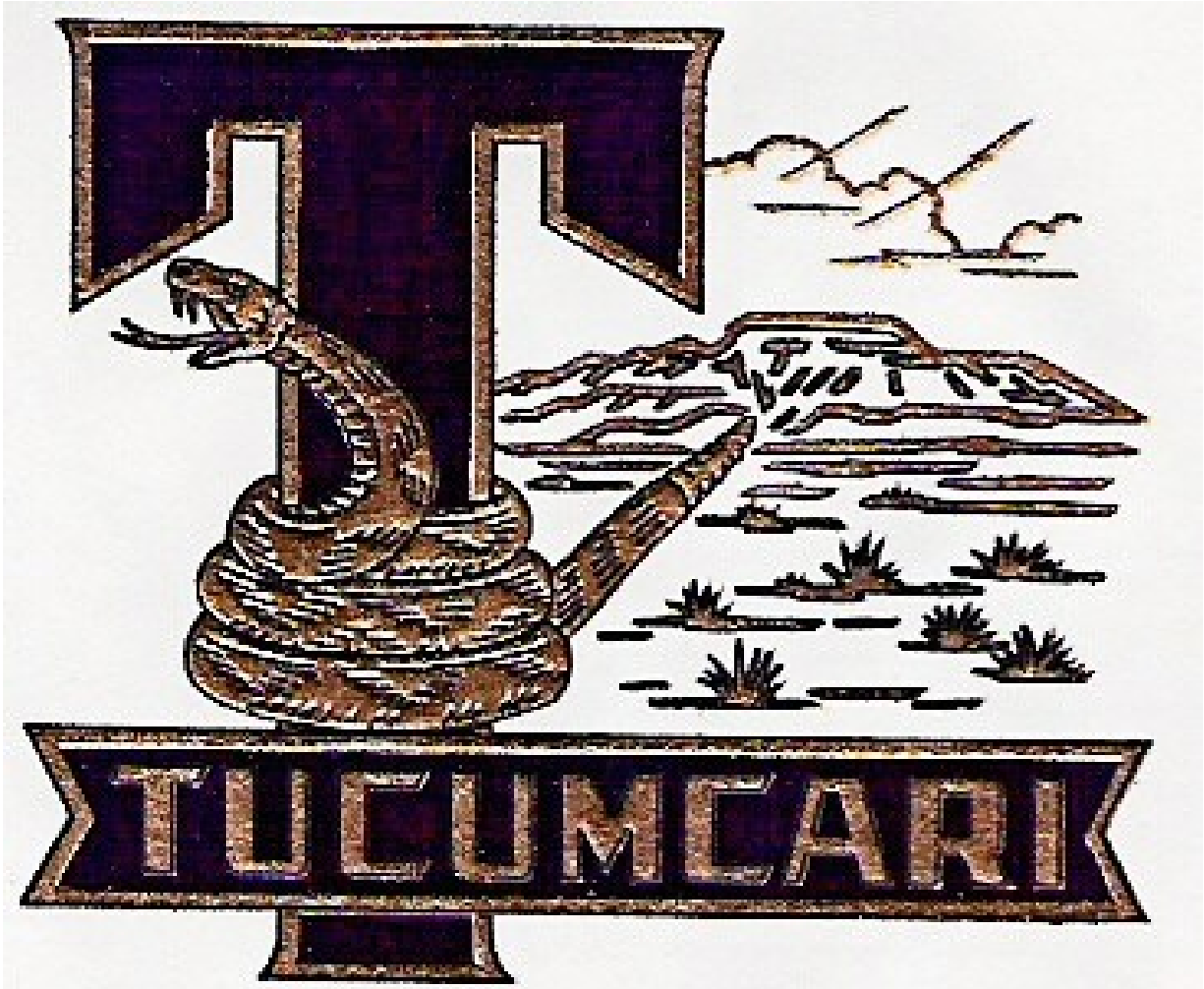


STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
ANNUAL FINANCIAL REPORT
JUNE 30, 2019



(This page intentionally left blank.)

INTRODUCTORY SECTION

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
TABLE OF CONTENTS
FOR THE YEAR ENDED JUNE 30, 2019

| | <u>Exhibit</u> | <u>Page</u> |
|--|------------------|-------------|
| INTRODUCTORY SECTION | | |
| Table of Contents | | 1 |
| Official Roster | | 3 |
| FINANCIAL SECTION | | |
| Independent Auditor's Report | | 4 |
| Basic Financial Statements | | |
| Government-wide Financial Statements | | |
| Statement of Net Position | A-1 | 6 |
| Statement of Activities | A-2 | 7 |
| Fund Financial Statements | | |
| Balance Sheet – Governmental Funds | B-1 | 8 |
| Reconciliation of the Balance Sheet to the Statement of Net Position | B-2 | 10 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds | B-3 | 11 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | B-4 | 13 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual | | |
| Operational Fund (11000) | C-1 | 14 |
| Transportation Fund (13000) | C-2 | 15 |
| Instructional Materials Fund (14000) | C-3 | 16 |
| Title I – IASA Special Revenue Fund (24101) | C-4 | 17 |
| IDEA-B Entitlement Special Revenue Fund (24106) | C-5 | 18 |
| Statement of Fiduciary Assets and Liabilities | D-1 | 19 |
| Notes to the Financial Statements | | 20 |
| REQUIRED SUPPLEMENTARY INFORMATION | | |
| | <u>Schedule</u> | <u>Page</u> |
| Schedule of Proportionate Share of the Net Pension Liability | I | 50 |
| Schedule of Pension Contributions | II | 51 |
| Notes to Required Supplementary Information – Pensions | | 52 |
| Schedule of Proportionate Share of the Net OPEB Liability | III | 53 |
| Schedule of OPEB Contributions | IV | 54 |
| Notes to Required Supplementary Information – OPEB | | 55 |
| SUPPLEMENTARY INFORMATION | | |
| | <u>Statement</u> | <u>Page</u> |
| Combining and Individual Fund Statements and Schedules | | |
| Combining Balance Sheet – Nonmajor Governmental Funds | A-1 | 56 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds | A-2 | 57 |
| Special Revenue Funds Descriptions | | 58 |
| Combining Balance Sheet – Nonmajor Special Revenue Funds | B-1 | 60 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds | B-2 | 65 |

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
TABLE OF CONTENTS
FOR THE YEAR ENDED JUNE 30, 2019

| SUPPLEMENTARY INFORMATION | <u>Statement</u> | <u>Page</u> |
|---|------------------|-------------|
| Capital Projects Funds Descriptions | | 70 |
| Combining Balance Sheet – Nonmajor Capital Projects Funds | C-1 | 71 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Funds | C-2 | 72 |
| | | |
| OTHER SUPPLEMENTAL INFORMATION | <u>Schedule</u> | <u>Page</u> |
| Schedule of Changes in Assets and Liabilities – Agency Funds | V | 73 |
| Schedule of Pledged Collateral | VI | 74 |
| Schedule of Cash and Temporary Investments | VII | 75 |
| Schedule of Cash Reconciliations | VIII | 76 |
| Schedule of Joint Powers Agreements | IX | 80 |
| | | |
| COMPLIANCE SECTION | | |
| Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | | 82 |
| | | |
| FEDERAL FINANCIAL ASSISTANCE | | |
| Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance | | 84 |
| Schedule of Expenditures of Federal Awards | X | 86 |
| Schedule of Findings and Questioned Costs | XI | 88 |
| | | |
| UNAUDITED SUPPLEMENTAL INFORMATION | | |
| Summary Schedule of Prior Audit Findings – Federal Clearinghouse | | 99 |
| | | |
| OTHER DISCLOSURES | | 104 |

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
OFFICIAL ROSTER
FOR THE YEAR ENDED JUNE 30, 2019

| <u>Name</u> | | <u>Title</u> |
|--------------------|----------------------------------|------------------------|
| | <u>School Board</u> | |
| Carlos Romero | | President |
| Heather Gonzales | | Vice-President |
| Corrine Hayes | | Secretary |
| Leif Gray | | Member |
| Fernando Ureste | | Member |
| | <u>District Officials</u> | |
| Aaron McKinney | | Superintendent |
| Dave Johnson | | Assist. Superintendent |
| Leola Patterson | | Business Manager |

(This page intentionally left blank.)

FINANCIAL SECTION



Manning Accounting and Consulting Services, LLC

INDEPENDENT AUDITOR'S REPORT

Brian Colón, New Mexico State Auditor
The Office of Management and Budget
And the Board of Education of
Tucumcari Public Schools
Tucumcari, New Mexico

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

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

Other Information

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

The combining and individual fund financial statements, the Schedule of Expenditure of Federal Awards, and Schedules listed in the other supplemental information, Schedules V through IX on pages 73 through 81, required by 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, the Schedule of Expenditures of Federal Awards and Schedules V through IX required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section on pages 1 though 3 and the Summary Schedule of Prior Audit Findings on pages 99 through 103 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Manning Accounting and Consulting Services, LLC

Manning Accounting and Consulting Services, LLC
Kirtland, New Mexico
October 21, 2019

(This page intentionally left blank.)

BASIC FINANCIAL STATEMENTS

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2019

Exhibit A-1

| | <u>Governmental Activities</u> |
|---|---|
| ASSETS | |
| <i>Current assets:</i> | |
| Cash and temporary investments | \$ 3,029,635 |
| Receivables (net of allowance for uncollectibles) | 977,118 |
| Prepaid assets | - |
| Inventory | 28,432 |
| <i>Total current assets</i> | <u>4,035,185</u> |
| <i>Noncurrent assets:</i> | |
| Restricted cash | 801,025 |
| Capital assets (net of accumulated depreciation) | |
| Land and land improvements | 1,426,594 |
| Buildings and building improvements | 59,317,533 |
| Furniture, fixtures and equipment | 3,272,023 |
| Vehicles | 1,305,977 |
| Construction in progress | 10,205 |
| Less: accumulated depreciation | (33,135,124) |
| <i>Total noncurrent assets</i> | <u>32,998,233</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Deferred outflows - pensions | 6,192,866 |
| Deferred outflows - other post-employment benefits | 116,696 |
| <i>Total deferred outflows</i> | <u>6,309,562</u> |
| <i>Total assets and deferred outflows of resources</i> | <u>\$ 43,342,980</u> |
| LIABILITIES | |
| <i>Current liabilities:</i> | |
| Accounts payable | \$ 39,956 |
| Accrued payroll liabilities | 255,149 |
| Accrued interest payable | 39,751 |
| Current maturities of: | |
| Bonds payable | 570,000 |
| Compensated absences | 47,460 |
| <i>Total current liabilities</i> | <u>952,316</u> |
| <i>Noncurrent liabilities:</i> | |
| Bonds payable | 3,715,000 |
| Net pension liability | 24,395,065 |
| Net other post-employment benefits liability | 5,848,537 |
| <i>Total noncurrent liabilities</i> | <u>33,958,602</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Deferred inflows - pensions | 464,277 |
| Deferred inflows - other post-employment benefits | 1,517,123 |
| <i>Total deferred inflows</i> | <u>1,981,400</u> |
| NET POSITION | |
| Net investment in capital assets | 27,912,208 |
| Restricted for: | |
| Debt service | 962,301 |
| Capital projects | 318,172 |
| Other purposes - special revenue | 666,704 |
| Unrestricted | (23,408,723) |
| <i>Total net position</i> | <u>6,450,662</u> |
| <i>Total liabilities, deferred inflows of resources, and net position</i> | <u>\$ 43,342,980</u> |

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

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Exhibit A-2

| <u>Functions/Programs</u> | <u>Program Revenues</u> | | | <u>Net (Expenses) Revenues and Changes in Net Position</u> | |
|---|-------------------------|--------------------------------|---|--|---|
| | <u>Expenses</u> | <u>Charges for Service</u> | <u>Operating Grants and Contributions</u> | | <u>Capital Grants and Contributions</u> |
| Primary Government | | | | | |
| Governmental activities: | | | | | |
| Instruction | \$ 8,230,446 | \$ 67,502 | \$ 1,179,379 | \$ - | \$ (6,983,565) |
| Support services: | | | | | |
| Students | 1,181,248 | - | 187,681 | - | (993,567) |
| Instruction | 293,159 | - | 22,026 | - | (271,133) |
| General administration | 787,259 | - | - | - | (787,259) |
| School administration | 843,462 | - | - | - | (843,462) |
| Other | 1,414 | - | - | - | (1,414) |
| Central services | 382,642 | 53,174 | - | - | (329,468) |
| Operation & maintenance of plant | 1,493,844 | 9,601 | - | 221,140 | (1,263,103) |
| Student transportation | 311,659 | - | 241,906 | - | (69,753) |
| Food services operation | 661,024 | 24,729 | 592,773 | - | (43,522) |
| Community services | - | - | - | - | - |
| Interest on long-term debt | 103,598 | - | - | - | (103,598) |
| Facilities materials, supplies, & other services | 1,418,817 | - | 18,750 | - | (1,400,067) |
| Total Primary Government | <u>\$ 15,708,572</u> | <u>\$ 155,006</u> | <u>\$ 2,242,515</u> | <u>\$ 221,140</u> | <u>(13,089,911)</u> |
| General Revenues: | | | | | |
| Property taxes: | | | | | |
| Levied for general purposes | | | | | 49,154 |
| Levied for debt service | | | | | 837,034 |
| Levied for capital projects | | | | | 222,835 |
| State Equalization Guarantee | | | | | 8,616,022 |
| Unrestricted investment earnings | | | | | 76,558 |
| Miscellaneous | | | | | 32,516 |
| Total general revenues | | | | | <u>9,834,119</u> |
| Change in net position | | | | | (3,255,792) |
| Net position - beginning of year | | | | | <u>9,706,454</u> |
| Net position - end of year | | | | | <u>\$ 6,450,662</u> |

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

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

| | General Fund | | | Special Revenue Funds | |
|--|----------------------|-------------------------|-------------------------------------|----------------------------|--------------------------------|
| | Operational 11000 | Transportation 13000 | Instructional Materials 14000 | Title I - IASA 24101 | IDEA-B Entitlement 24106 |
| ASSETS | | | | | |
| <i>Current assets:</i> | | | | | |
| Cash and temporary investments | \$ 2,239,784 | \$ 1,130 | \$ 46,408 | \$ - | \$ - |
| Accounts receivable | | | | | |
| Taxes | 9,051 | - | - | - | - |
| Due from other governments | - | - | - | 209,703 | 250,668 |
| Interfund receivables | 553,203 | - | - | - | - |
| Other | - | - | - | - | - |
| Prepaid assets | - | - | - | - | - |
| Inventory | - | 25,215 | - | - | - |
| <i>Total assets</i> | <u>2,802,038</u> | <u>26,345</u> | <u>46,408</u> | <u>209,703</u> | <u>250,668</u> |
| LIABILITIES | | | | | |
| <i>Current liabilities:</i> | | | | | |
| Accounts payable | 23,203 | 481 | - | - | - |
| Accrued payroll liabilities | 223,314 | 1,130 | - | 11,156 | 8,648 |
| Interfund payables | - | - | - | 198,547 | 116,686 |
| <i>Total liabilities</i> | <u>246,517</u> | <u>1,611</u> | <u>-</u> | <u>209,703</u> | <u>125,334</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenues - property taxes | 7,014 | - | - | - | - |
| Unavailable revenues - other | - | - | - | - | 125,334 |
| <i>Total deferred inflows of resources</i> | <u>7,014</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>125,334</u> |
| FUND BALANCES | | | | | |
| Nonspendable | - | 25,215 | - | - | - |
| Restricted for: | | | | | |
| Transportation | - | - | - | - | - |
| Instructional materials | - | - | 46,408 | - | - |
| Grant mandates | - | - | - | - | - |
| Capital projects | - | - | - | - | - |
| Debt service | - | - | - | - | - |
| Assigned | 2,014,856 | - | - | - | - |
| Unassigned | 533,651 | (481) | - | - | - |
| <i>Total fund balances</i> | <u>2,548,507</u> | <u>24,734</u> | <u>46,408</u> | <u>-</u> | <u>-</u> |
| <i>Total liabilities, deferred inflows of resources, and fund balances</i> | <u>\$ 2,802,038</u> | <u>\$ 26,345</u> | <u>\$ 46,408</u> | <u>\$ 209,703</u> | <u>\$ 250,668</u> |

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

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

| | Capital Improvements SB-9 (State) 31700 | Debt Service 41000 | Other Governmental Funds | Total Primary Government |
|--|--|--------------------------|--------------------------------|--------------------------------|
| ASSETS | | | | |
| <i>Current assets:</i> | | | | |
| Cash and temporary investments | \$ 80 | \$ 801,025 | \$ 742,233 | \$ 3,830,660 |
| Accounts receivable | | | | |
| Taxes | - | 161,276 | 42,627 | 212,954 |
| Due from other governments | 151,927 | - | 151,866 | 764,164 |
| Interfund receivables | - | - | - | 553,203 |
| Other | - | - | - | - |
| Prepaid assets | - | - | - | - |
| Inventory | - | - | 3,217 | 28,432 |
| <i>Total assets</i> | <u>152,007</u> | <u>962,301</u> | <u>939,943</u> | <u>5,389,413</u> |
| LIABILITIES | | | | |
| <i>Current liabilities:</i> | | | | |
| Accounts payable | 2,444 | - | 13,828 | 39,956 |
| Accrued payroll liabilities | - | - | 10,901 | 255,149 |
| Interfund payables | 152,007 | - | 85,963 | 553,203 |
| <i>Total liabilities</i> | <u>154,451</u> | <u>-</u> | <u>110,692</u> | <u>848,308</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenues - property taxes | - | 123,291 | 32,740 | 163,045 |
| Unavailable revenues - other | - | - | 53 | 125,387 |
| <i>Total deferred inflows of resources</i> | <u>-</u> | <u>123,291</u> | <u>32,793</u> | <u>288,432</u> |
| FUND BALANCES | | | | |
| Nonspendable | - | - | 3,217 | 28,432 |
| Restricted for: | | | | |
| Transportation | - | - | - | - |
| Instructional materials | - | - | - | 46,408 |
| Grant mandates | - | - | 122,284 | 122,284 |
| Capital projects | - | - | 21,331 | 21,331 |
| Debt service | - | 839,010 | - | 839,010 |
| Assigned | - | - | 649,626 | 2,664,482 |
| Unassigned | (2,444) | - | - | 530,726 |
| <i>Total fund balances</i> | <u>(2,444)</u> | <u>839,010</u> | <u>796,458</u> | <u>4,252,673</u> |
| <i>Total liabilities, deferred inflows of resources, and fund balances</i> | <u>\$ 152,007</u> | <u>\$ 962,301</u> | <u>\$ 939,943</u> | <u>\$ 5,389,413</u> |

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

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019

Exhibit B-2

| | Governmental Funds |
|--|-----------------------|
| Amounts reported for governmental activities in the Statement of Net Position are different because: | |
| Total fund balances - governmental funds | \$ 4,252,673 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | |
| The cost of capital assets is | 65,332,332 |
| Accumulated depreciation is | (33,135,124) |
| Revenues not collected within sixty days after year-end are considered "available" revenues and are shown as deferred revenues on the balance sheet. | |
| Delinquent property taxes | 163,045 |
| State revenues | 125,387 |
| Deferred outflows and inflows of resources related to pensions are applicable to future periods and therefore, are not reported in governmental funds. | |
| Deferred outflows of resources - pensions | 6,192,866 |
| Deferred outflows of resources - other post-employment benefits | 116,696 |
| Deferred inflows of resources - pensions | (464,277) |
| Deferred inflows of resources - other post-employment benefits | (1,517,123) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in governmental funds. Long-term and other liabilities at year-end consist of: | |
| Accrued interest payable | (39,751) |
| Bonds payable | (4,285,000) |
| Accrued compensated absences | (47,460) |
| Net pension liability | (24,395,065) |
| Net other post-employment benefits liability | (5,848,537) |
| Total net position - governmental activities | \$ 6,450,662 |

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

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

| | General Fund | | | Special Revenue Funds | |
|--|----------------------|-------------------------|-------------------------------------|----------------------------|--------------------------------|
| | Operational 11000 | Transportation 13000 | Instructional Materials 14000 | Title I - IASA 24101 | IDEA-B Entitlement 24106 |
| <i>Revenues:</i> | | | | | |
| Property taxes | \$ 48,992 | \$ - | \$ - | \$ - | \$ - |
| State grants | 8,616,022 | 241,906 | 31,986 | - | - |
| Federal grants | - | - | - | 417,179 | 306,999 |
| Miscellaneous | 32,402 | - | - | - | - |
| Charges for services | 81,408 | - | - | - | - |
| Investment income | 75,687 | - | - | - | - |
| <i>Total revenues</i> | <u>8,854,511</u> | <u>241,906</u> | <u>31,986</u> | <u>417,179</u> | <u>306,999</u> |
| <i>Expenditures:</i> | | | | | |
| Current: | | | | | |
| Instruction | 4,999,046 | - | 25,750 | 330,562 | 160,738 |
| Support services | | | | | |
| Students | 600,779 | - | - | - | 133,680 |
| Instruction | 179,644 | - | - | - | - |
| General administration | 452,217 | - | - | 86,617 | 12,581 |
| School administration | 605,107 | - | - | - | - |
| Central services | 254,904 | - | - | - | - |
| Operation & maintenance of plant | 1,239,905 | - | - | - | - |
| Student transportation | - | 251,328 | - | - | - |
| Other support services | 1,414 | - | - | - | - |
| Food services operations | - | - | - | - | - |
| Community services | - | - | - | - | - |
| Capital outlay | - | - | - | - | - |
| Debt service | | | | | |
| Principal | - | - | - | - | - |
| Interest | - | - | - | - | - |
| <i>Total expenditures</i> | <u>8,333,016</u> | <u>251,328</u> | <u>25,750</u> | <u>417,179</u> | <u>306,999</u> |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | <u>521,495</u> | <u>(9,422)</u> | <u>6,236</u> | <u>-</u> | <u>-</u> |
| <i>Net changes in fund balances</i> | <u>521,495</u> | <u>(9,422)</u> | <u>6,236</u> | <u>-</u> | <u>-</u> |
| <i>Fund balances - beginning of year</i> | <u>2,027,012</u> | <u>34,156</u> | <u>40,172</u> | <u>-</u> | <u>-</u> |
| <i>Fund balances - end of year</i> | <u>\$ 2,548,507</u> | <u>\$ 24,734</u> | <u>\$ 46,408</u> | <u>\$ -</u> | <u>\$ -</u> |

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

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

| | Capital Improvements SB-9 (State) 31700 | Debt Service 41000 | Other Governmental Funds | Total Primary Government |
|--|--|--------------------------|--------------------------------|--------------------------------|
| <i>Revenues:</i> | | | | |
| Property taxes | \$ - | \$ 833,483 | \$ 222,119 | \$ 1,104,594 |
| State grants | 221,140 | - | 137,077 | 9,248,131 |
| Federal grants | - | - | 978,612 | 1,702,790 |
| Miscellaneous | - | - | 30,364 | 62,766 |
| Charges for services | - | - | 46,717 | 128,125 |
| Investment income | - | - | 871 | 76,558 |
| <i>Total revenues</i> | <u>221,140</u> | <u>833,483</u> | <u>1,415,760</u> | <u>12,322,964</u> |
| <i>Expenditures:</i> | | | | |
| <i>Current:</i> | | | | |
| Instruction | - | - | 275,024 | 5,791,120 |
| Support services | | | | |
| Students | - | - | 135,521 | 869,980 |
| Instruction | - | - | 44,809 | 224,453 |
| General administration | - | 8,291 | 43,235 | 602,941 |
| School administration | - | - | 2,767 | 607,874 |
| Central services | - | - | 35,115 | 290,019 |
| Operation & maintenance of plant | - | - | - | 1,239,905 |
| Student transportation | - | - | 13,225 | 264,553 |
| Other support services | - | - | - | 1,414 |
| Food services operations | - | - | 620,569 | 620,569 |
| Community services | - | - | - | - |
| Capital outlay | 219,951 | - | 463,027 | 682,978 |
| Debt service | | | | |
| Principal | - | 845,000 | - | 845,000 |
| Interest | - | 112,665 | - | 112,665 |
| <i>Total expenditures</i> | <u>219,951</u> | <u>965,956</u> | <u>1,633,292</u> | <u>12,153,471</u> |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | <u>1,189</u> | <u>(132,473)</u> | <u>(217,532)</u> | <u>169,493</u> |
| <i>Net changes in fund balances</i> | <u>1,189</u> | <u>(132,473)</u> | <u>(217,532)</u> | <u>169,493</u> |
| <i>Fund balances - beginning of year</i> | <u>(3,633)</u> | <u>971,483</u> | <u>1,013,990</u> | <u>4,083,180</u> |
| <i>Fund balances - end of year</i> | <u>\$ (2,444)</u> | <u>\$ 839,010</u> | <u>\$ 796,458</u> | <u>\$ 4,252,673</u> |

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

STATE OF NEW MEXICO

Exhibit B-4

TUCUMCARI PUBLIC SCHOOLS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

| | Governmental Funds |
|--|-----------------------|
| Amounts reported for governmental activities in the Statement of Activities are different because: | |
| Net change in fund balances - total governmental funds | \$ 169,493 |
| Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which depreciation exceeds capital outlays for the period. | |
| Depreciation expense | (1,447,246) |
| Capital outlays | 236,027 |
| Revenues not collected within 60 days after the fiscal year-end are not considered available revenues in the governmental funds. They are considered revenues in the Statement of Activities. The increase (decrease) in revenues receivable for the year end were: | |
| Unavailable revenue related to the property taxes receivable | 4,429 |
| Other unavailable revenues | 125,387 |
| In the Statement of Activities, certain operating expenses - compensated absences and interest expense - are measured by the amounts incurred during the year. In the fund financial statements, however, expenditures are measured by the amount of financial resources used (essentially the amounts actually paid). The (increases) decreases in the liabilities for the year were: | |
| Accrued interest payable | 9,067 |
| Accrued compensated absences | (876) |
| Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. | |
| Bond principle payments | 845,000 |
| Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the pension benefits earned net of employee contributions is reported as pension expense. | |
| Pension contributions - current year | 809,321 |
| Pension expense | (4,132,122) |
| Other post-employment benefits contributions - current year | 116,696 |
| Other post-employment benefits income | 9,032 |
| Change in net position - total governmental activities | \$ (3,255,792) |

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

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
OPERATIONAL FUND (11000)
FOR THE YEAR ENDING JUNE 30, 2019

| | Budgeted Amounts | | Actual | Variance |
|--|--------------------|--------------------|---------------------|---------------------|
| | Original Budget | Final Budget | | |
| <i>Revenues:</i> | | | | |
| Property taxes | \$ 49,495 | \$ 49,495 | \$ 48,643 | \$ (852) |
| State grants | 8,553,348 | 8,618,656 | 8,616,022 | (2,634) |
| Federal grants | - | - | - | - |
| Miscellaneous | 5,000 | 5,000 | 32,402 | 27,402 |
| Charges for services | 40,051 | 40,051 | 81,408 | 41,357 |
| Investment income | 1,150 | 1,150 | 75,687 | 74,537 |
| <i>Total revenues</i> | <u>8,649,044</u> | <u>8,714,352</u> | <u>8,854,162</u> | <u>139,810</u> |
| <i>Expenditures:</i> | | | | |
| <i>Current:</i> | | | | |
| Instruction | 5,714,999 | 5,778,212 | 4,882,542 | 895,670 |
| Support services | | | | |
| Students | 654,538 | 639,441 | 600,779 | 38,662 |
| Instruction | 268,999 | 277,840 | 179,644 | 98,196 |
| General administration | 545,734 | 555,150 | 452,217 | 102,933 |
| School administration | 594,252 | 614,623 | 605,107 | 9,516 |
| Central services | 252,103 | 263,821 | 254,904 | 8,917 |
| Operation & maintenance of plant | 2,002,182 | 2,633,794 | 1,250,431 | 1,383,363 |
| Student transportation | - | - | - | - |
| Other support services | 20,118 | 20,118 | 1,414 | 18,704 |
| Food services operations | - | - | - | - |
| Community services | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>10,052,925</u> | <u>10,782,999</u> | <u>8,227,038</u> | <u>2,555,961</u> |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | <u>(1,403,881)</u> | <u>(2,068,647)</u> | <u>627,124</u> | <u>2,695,771</u> |
| <i>Other financing sources (uses):</i> | | | | |
| Designated cash | 1,403,881 | 2,068,647 | - | (2,068,647) |
| Operating transfers | - | - | - | - |
| Proceeds from bond issues | - | - | - | - |
| <i>Total other financing sources (uses)</i> | <u>1,403,881</u> | <u>2,068,647</u> | <u>-</u> | <u>(2,068,647)</u> |
| <i>Net change in fund balance</i> | - | - | 627,124 | 627,124 |
| <i>Cash or fund balance - beginning of year</i> | - | - | 2,165,863 | 2,165,863 |
| <i>Cash or fund balance - end of year</i> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,792,987</u> | <u>\$ 2,792,987</u> |
| <i>Reconciliation to GAAP basis:</i> | | | | |
| Net change in fund balance (cash basis) | | | \$ 627,124 | |
| Adjustments to revenues | | | 349 | |
| Adjustments to expenditures | | | (105,978) | |
| Net change in fund balance (GAAP basis) | | | <u>\$ 521,495</u> | |

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

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
TRANSPORTATION FUND (13000)
FOR THE YEAR ENDING JUNE 30, 2019

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance</u> |
|---|-------------------------|---------------------|-------------------|-----------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | | |
| <i>Revenues:</i> | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - |
| State grants | 241,906 | 241,906 | 241,906 | - |
| Federal grants | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Charges for services | - | - | - | - |
| Investment income | - | - | - | - |
| <i>Total revenues</i> | <u>241,906</u> | <u>241,906</u> | <u>241,906</u> | <u>-</u> |
| <i>Expenditures:</i> | | | | |
| <i>Current:</i> | | | | |
| Instruction | - | - | - | - |
| Support services | | | | |
| Students | - | - | - | - |
| Instruction | - | - | - | - |
| General administration | - | - | - | - |
| School administration | - | - | - | - |
| Central services | - | - | - | - |
| Operation & maintenance of plant | - | - | - | - |
| Student transportation | 241,906 | 241,906 | 241,212 | 694 |
| Other support services | - | - | - | - |
| Food services operations | - | - | - | - |
| Community services | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>241,906</u> | <u>241,906</u> | <u>241,212</u> | <u>694</u> |
| <i>Excess (deficiency) of revenues</i> | | | | |
| <i>over (under) expenditures</i> | <u>-</u> | <u>-</u> | <u>694</u> | <u>694</u> |
| <i>Other financing sources (uses):</i> | | | | |
| Designated cash | - | - | - | - |
| Operating transfers | - | - | - | - |
| Proceeds from bond issues | - | - | - | - |
| <i>Total other financing sources (uses)</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Net change in fund balance</i> | - | - | 694 | 694 |
| <i>Cash or fund balance - beginning of year</i> | - | - | 436 | 436 |
| <i>Cash or fund balance - end of year</i> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,130</u> | <u>\$ 1,130</u> |
| <i>Reconciliation to GAAP basis:</i> | | | | |
| Net change in fund balance (cash basis) | | | \$ 694 | |
| Adjustments to revenues | | | - | |
| Adjustments to expenditures | | | (10,116) | |
| Net change in fund balance (GAAP basis) | | | <u>\$ (9,422)</u> | |

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

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
INSTRUCTIONAL MATERIALS FUND (14000)
FOR THE YEAR ENDING JUNE 30, 2019

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance</u> |
|--|-------------------------|---------------------|------------------|------------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | | |
| <i>Revenues:</i> | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - |
| State grants | 31,826 | 33,688 | 31,986 | (1,702) |
| Federal grants | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Charges for services | - | - | - | - |
| Investment income | - | - | - | - |
| <i>Total revenues</i> | <u>31,826</u> | <u>33,688</u> | <u>31,986</u> | <u>(1,702)</u> |
| <i>Expenditures:</i> | | | | |
| <i>Current:</i> | | | | |
| Instruction | 31,826 | 73,859 | 25,750 | 48,109 |
| Support services | | | | |
| Students | - | - | - | - |
| Instruction | - | - | - | - |
| General administration | - | - | - | - |
| School administration | - | - | - | - |
| Central services | - | - | - | - |
| Operation & maintenance of plant | - | - | - | - |
| Student transportation | - | - | - | - |
| Other support services | - | - | - | - |
| Food services operations | - | - | - | - |
| Community services | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>31,826</u> | <u>73,859</u> | <u>25,750</u> | <u>48,109</u> |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | <u>-</u> | <u>(40,171)</u> | <u>6,236</u> | <u>46,407</u> |
| <i>Other financing sources (uses):</i> | | | | |
| Designated cash | - | 40,171 | - | (40,171) |
| Operating transfers | - | - | - | - |
| Proceeds from bond issues | - | - | - | - |
| <i>Total other financing sources (uses)</i> | <u>-</u> | <u>40,171</u> | <u>-</u> | <u>(40,171)</u> |
| <i>Net change in fund balance</i> | - | - | 6,236 | 6,236 |
| <i>Cash or fund balance - beginning of year</i> | <u>-</u> | <u>-</u> | <u>40,172</u> | <u>40,172</u> |
| <i>Cash or fund balance - end of year</i> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 46,408</u> | <u>\$ 46,408</u> |
| <i>Reconciliation to GAAP basis:</i> | | | | |
| Net change in fund balance (cash basis) | | | \$ 6,236 | |
| Adjustments to revenues | | | - | |
| Adjustments to expenditures | | | - | |
| Net change in fund balance (GAAP basis) | | | <u>\$ 6,236</u> | |

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

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
TITLE I - IASA SPECIAL REVENUE FUND (24101)
FOR THE YEAR ENDING JUNE 30, 2019

Exhibit C-4

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance</u> |
|--|-------------------------|---------------------|---------------------|---------------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | | |
| <i>Revenues:</i> | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - |
| State grants | - | - | - | - |
| Federal grants | 451,295 | 562,643 | 357,962 | (204,681) |
| Miscellaneous | - | - | - | - |
| Charges for services | - | - | - | - |
| Investment income | - | - | - | - |
| <i>Total revenues</i> | <u>451,295</u> | <u>562,643</u> | <u>357,962</u> | <u>(204,681)</u> |
| <i>Expenditures:</i> | | | | |
| <i>Current:</i> | | | | |
| Instruction | 361,564 | 472,412 | 325,721 | 146,691 |
| Support services | | | | |
| Students | - | - | - | - |
| Instruction | - | - | - | - |
| General administration | 89,731 | 90,231 | 86,617 | 3,614 |
| School administration | - | - | - | - |
| Central services | - | - | - | - |
| Operation & maintenance of plant | - | - | - | - |
| Student transportation | - | - | - | - |
| Other support services | - | - | - | - |
| Food services operations | - | - | - | - |
| Community services | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>451,295</u> | <u>562,643</u> | <u>412,338</u> | <u>150,305</u> |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | <u>-</u> | <u>-</u> | <u>(54,376)</u> | <u>(54,376)</u> |
| <i>Other financing sources (uses):</i> | | | | |
| Designated cash | - | - | - | - |
| Operating transfers | - | - | - | - |
| Proceeds from bond issues | - | - | - | - |
| <i>Total other financing sources (uses)</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Net change in fund balance</i> | - | - | (54,376) | (54,376) |
| <i>Cash or fund balance - beginning of year</i> | <u>-</u> | <u>-</u> | <u>(144,171)</u> | <u>(144,171)</u> |
| <i>Cash or fund balance - end of year</i> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (198,547)</u> | <u>\$ (198,547)</u> |
| <i>Reconciliation to GAAP basis:</i> | | | | |
| Net change in fund balance (cash basis) | | | \$ (54,376) | |
| Adjustments to revenues | | | 59,217 | |
| Adjustments to expenditures | | | (4,841) | |
| Net change in fund balance (GAAP basis) | | | <u>\$ -</u> | |

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

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS

Exhibit C-5

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCE - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
 IDEA-B ENTITLEMENT SPECIAL REVENUE FUND (24106)
 FOR THE YEAR ENDING JUNE 30, 2019

| | Budgeted Amounts | | | |
|--|------------------|--------------|--------------|--------------|
| | Original Budget | Final Budget | Actual | Variance |
| <i>Revenues:</i> | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - |
| State grants | - | - | - | - |
| Federal grants | - | 443,229 | 270,375 | (172,854) |
| Miscellaneous | - | - | - | - |
| Charges for services | - | - | - | - |
| Investment income | - | - | - | - |
| <i>Total revenues</i> | - | 443,229 | 270,375 | (172,854) |
| <i>Expenditures:</i> | | | | |
| <i>Current:</i> | | | | |
| Instruction | - | 285,464 | 157,952 | 127,512 |
| Support services | | | | |
| Students | - | 140,637 | 133,680 | 6,957 |
| Instruction | - | - | - | - |
| General administration | - | 17,128 | 12,581 | 4,547 |
| School administration | - | - | - | - |
| Central services | - | - | - | - |
| Operation & maintenance of plant | - | - | - | - |
| Student transportation | - | - | - | - |
| Other support services | - | - | - | - |
| Food services operations | - | - | - | - |
| Community services | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | - | 443,229 | 304,213 | 139,016 |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | - | - | (33,838) | (33,838) |
| <i>Other financing sources (uses):</i> | | | | |
| Designated cash | - | - | - | - |
| Operating transfers | - | - | - | - |
| Proceeds from bond issues | - | - | - | - |
| <i>Total other financing sources (uses)</i> | - | - | - | - |
| <i>Net change in fund balance</i> | - | - | (33,838) | (33,838) |
| <i>Cash or fund balance - beginning of year</i> | - | - | (82,848) | (82,848) |
| <i>Cash or fund balance - end of year</i> | \$ - | \$ - | \$ (116,686) | \$ (116,686) |
| <i>Reconciliation to GAAP basis:</i> | | | | |
| Net change in fund balance (cash basis) | | | \$ (33,838) | |
| Adjustments to revenues | | | 36,624 | |
| Adjustments to expenditures | | | (2,786) | |
| Net change in fund balance (GAAP basis) | | | \$ - | |

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

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
AGENCY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2019

Exhibit D-1

| | <u>Agency Funds</u> |
|-----------------------------------|-------------------------|
| ASSETS | |
| <i>Current Assets</i> | |
| Cash | \$ 133,184 |
| <i>Total assets</i> | <u>\$ 133,184</u> |
| LIABILITIES | |
| <i>Current Liabilities</i> | |
| Deposits held in trust for others | \$ 133,184 |
| <i>Total liabilities</i> | <u>\$ 133,184</u> |

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

(This page intentionally left blank.)

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 Summary of Significant Accounting Policies

Tucumcari Public School District (the “District”) is a public school District governed by an elected five-member Board of Education created under the provision of Chapter 22 Article 5, Paragraph 4, New Mexico Statutes 1978 to provide public education for the children within the District boundaries. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to public elementary and secondary school education within its jurisdiction. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities.

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

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

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

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

A. *Financial Reporting Entity*

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

**STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 Summary of Significant Accounting Policies (Continued)

A. *Financial Reporting Entity (Continued)*

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

B. *Government-Wide and Fund Financial Statements*

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

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

The District reports all direct expenses by function in the statement of activities. Direct expenses are those that are clearly identifiable with a function. The District does not currently employ indirect cost allocation systems. Depreciation expense is specifically identified by function and is included in the direct expense of each function, except for that portion of depreciation that is identified as unallocated on the statement of activities.

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

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

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

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

**STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

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

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

**STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

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

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

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

**STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 Summary of Significant Accounting Policies (Continued)

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

The *Capital Improvements SB-9 (State Match) Capital Projects Fund* (31700) accounts for erecting, remodeling, making additions to, and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as identified by the local school board. Financing is provided by the State of New Mexico's State Equalization Matching. (22-25-1 to 22-25-10 NMSA 1978).

The *Debt Service Fund* (41000) is used to account for the accumulation of resources for the payment of general long-term debt principal and interest.

Additionally, the government reports the following fund types:

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

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

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

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

State statutes authorize the District to invest in certificates of deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool. Investments for the District are reported at fair value. The State Treasurer's Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

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

The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit. Excess of funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

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

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

**STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

Capital Assets: Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Information technology equipment, including software, is being capitalized and included in furniture and equipment in accordance with NMAC 2.20.1.9 C (5). Capital expenditures made by the New Mexico Public Schools Facilities Authority are appropriately included in the District's capital assets.

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

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

| | |
|---------------------------------|-------------|
| Land Improvements | 10-20 years |
| Buildings/building improvements | 5-100 years |
| Furniture and equipment | 5-25 years |
| Vehicles | 8-15 years |

Deferred Outflows of Resources – Pensions: The government-wide financial statements report pension related expenses and liabilities for the cost-sharing plan one year in arrears, i.e. expenses and liabilities as of June 30, 2018. Contributions of \$809,321 made by the District in the current fiscal year are thus applicable to a future reporting period where they will then be expensed. As such, they are presented in the Statement of Net Position as a deferred outflow of resources in the current period. The District may also have four other deferred outflows which arise due to the implementation of GASB 68; change in proportion \$284,029; change in assumptions \$5,027,708; investment experience \$54,004; and actuarial experiences \$17,804.

**STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 Summary of Significant Accounting Policies (Continued)

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

Deferred Outflows of Resources – OPEB: The government-wide financial statements report pension related expenses and liabilities for the cost-sharing plan one year in arrears, i.e. expenses and liabilities as of June 30, 2018. Contributions of \$116,696 made by the District in the current fiscal year are thus applicable to a future reporting period where they will then be expensed. As such, they are presented in the Statement of Net Position as a deferred outflow of resources in the current period. The District may also have four other

deferred outflows which arise due to the implementation of GASB 75; change in proportion; change in assumptions; investment experience; and actuarial experiences which have no balances in the current year.

Unearned Revenues: The District recognizes grant revenue at the time the related expense is made if the expenditure of funds is the prime factor for determining eligibility for reimbursement; therefore, amounts received and not expended in the Special Revenue Funds are shown as unearned revenues. At June 30, 2019, the District had no unearned revenue.

Compensated Absences: All regular twelve month support staff employees are entitled to accumulate vacation with pay. Annual leave accumulated during the first year of employment may not be taken during their first year. Annual leave accumulated during the contract year of employment must be taken prior to June the following year. Twelve month employees with less than ten years of service with the District earn ten days annual leave per contract year. Twelve month employees with ten years or more of service with the District earn fifteen days annual leave per contract year. Total compensated absences were \$47,460 at June 30, 2019.

Compensated sick leave is only paid to an employee upon retirement. If an employee resigns or is terminated their accumulated leave becomes void. The amount of compensated absences is not to exceed one hundred days. An employee must have ten years of service with Tucumcari Public Schools in order to receive this compensation upon retirement.

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

Long-term Obligations: In the government-wide fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. For bonds issued after the fiscal year ended June 30, 2014, bond premiums and discounts, will be deferred and amortized over the life of the bonds using the effective interest method. Bonds payable of \$4,285,000 at June 30, 2019 are reported net of the applicable bond premium or discount. Bond insurance issuance costs will be reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 Summary of Significant Accounting Policies (Continued)

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

Net Pension Liability: The District records its proportionate share of the difference between the value of total pension liabilities and plan assets for the State of New Mexico's Employee Retirement Board pension plan. For the year ended June 30, 2019, net pension liability totaled \$24,395,065.

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

Net Other Post-Employment Benefits Liability: The District records its proportionate share of the difference between the value of total other post-employment benefits (OPEB) liabilities and plan assets for the State of New Mexico's Retiree Health Care plan. For the year ended June 30, 2019, net OPEB liability totaled \$5,848,537.

Deferred Inflows of Resources – Unavailable Revenues: Governmental funds report unavailable revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Revenues not received within sixty (60) days of year-end are not considered available; therefore, a receivable is recorded for the amount due and corresponding deferred revenue is recorded as well. Total unavailable revenues of \$125,387 and \$163,045 for grants and property taxes, respectively, were recorded at June 30, 2019.

Deferred Inflows of Resources – Pensions: Changes in actuarial experience of \$464,277 for the District is applicable to a future reporting period and will be expensed over a five-year period beginning in the next fiscal year. As such, these amounts are presented in the Statement of Net Position as deferred inflows of resources in the current period.

Deferred Inflows of Resources – OPEB: Changes in actuarial experience \$346,271, change in investment experience \$72,988, change in assumptions \$1,091,896, and change in proportion \$5,968 for the District are applicable to a future reporting period and will be expensed over a five-year period beginning in the next fiscal year. As such, these amounts are presented in the Statement of Net Position as deferred inflows of resources in the current period.

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

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

Restricted Net Position: Consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (b) law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and

**STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 Summary of Significant Accounting Policies (Continued)

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

includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. The restricted component consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

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

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

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

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

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

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

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

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

E. Revenues

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

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

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

**STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 Summary of Significant Accounting Policies (Continued)

E. Revenues (continued)

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

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

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$8,616,022 in state equalization guarantee distributions during the year ended June 30, 2019.

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

In the financial statements, the mill levy and ad-valorem taxes are broken out into two types: property taxes – residential and commercial and property taxes – oil and gas. Amounts collected from residential and commercial property taxes as of June 30, 2019 were \$1,104,594. The District received no oil and gas tax revenues.

Transportation Distribution: School districts in the State of New Mexico receive student transportation distributions. The transportation distribution is allocated to each school district in accordance with formulas developed by the State Transportation Director and the Director of Public School Finance. The funds shall be used only for the purpose of making payments to each school district for the to-and-from school transportation costs of students in grades K through twelve attending public school within the school district. The District received \$241,906 in transportation distributions during the year ended June 30, 2019.

Instructional Materials: The New Mexico Public Education Department (PED) receives federal material leasing funds from which it makes annual allocations to the various school districts for the purchase of educational materials. Of each allocation, fifty percent is restricted to the requisition of materials listed in the State Board of Education "State Adopted Instructional Material" list, while fifty percent of each allocation is available for purchases directly from vendors. Allocations received from the State for the year ended June 30, 2019 totaled \$31,986.

SB-9 State Match: The Director shall distribute to any school district that has imposed a tax under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received

**STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 Summary of Significant Accounting Policies (Continued)

E. Revenues (continued)

from the imposed tax as specified in Subsection B of Section 22-25-3 NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act. The distribution shall be made by December 1, of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. Provided, however, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary. The District received \$221,140 in state SB-9 matching during the year ended June 30, 2019.

Public School Capital Outlay: Under the provisions of Chapter 22, Article 24, NMSA 1978. The money in the fund may be used only for capital expenditures deemed by the public school capital outlay council necessary for an adequate educational program per Section 22-24-4(B); core administrative functions of the public school facilities authority and for project management expenses upon approval of the council per Section 22-24-4(G); and for the purpose of demolishing abandoned school district facilities, upon application by a school district to the council, per Section 22-24-4(L).

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

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

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

NOTE 2 Stewardship, Compliance and Accountability

Budgetary Information

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

These budgets are prepared on the non-GAAP cash basis, excluding encumbrances, and secure appropriation of funds for only one year. Carryover funds must be re-appropriated in the budget of the subsequent fiscal year. The budget process in the State of New Mexico requires that the ending cash balance be appropriated in the budget of the subsequent fiscal year.

Actual expenditures may not exceed the budget at the function level, the level of budgetary control for districts. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a 'series,' this may be accomplished with only local board of education approval. If a transfer between 'series' or a budget increase is required, approval must also be obtained from Public School Finance Division.

**STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 Stewardship, Compliance and Accountability (Continued)

Budgetary Information - (Continued)

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

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

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

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

**STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 Cash and Temporary Investments

State statutes authorize the investment of District funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. All invested funds of the District properly followed State investment requirements as of June 30, 2019. Deposits of funds may be made in interest or non-interest-bearing checking accounts in one or more banks or savings and loan associations within the geographical boundaries of the District. Deposits may be made to the extent that they are insured by an agency of the United States or by collateralized as required by the statute. The rate of interest in non-demand interest-bearing accounts shall be set by the State Board of Finance, but in no case shall the rate of interest be less than one hundred percent of the asked price on United States treasury bills of the same maturity on the day of deposit.

Excess of funds may be temporarily invested in securities which are issued by the State or by the United States Government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments. The types of collateral allowed are limited to direct obligations of the United States Government and all bonds issued by any agency, district or political subdivision of the State of New Mexico.

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

Deposits

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

| | FNB New Mexico | Citizens Bank | Wells Fargo | Quay Schools Fed. Credit Union | Total |
|--|-------------------|------------------|----------------|-----------------------------------|-------------------|
| Total amounts of deposits | \$ 3,662,855 | \$ 115,491 | \$ 20,984 | \$ 250,000 | \$ 4,049,330 |
| FDIC/FCUIC coverage | 250,000 | 115,491 | 20,984 | 250,000 | 636,475 |
| Total uninsured public funds | <u>3,412,855</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,412,855</u> |
| Collateral requirement (50% of uninsured public funds) | 1,706,428 | - | - | - | 1,706,428 |
| Pledged security | <u>2,395,713</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,395,713</u> |
| Total over (under) collateralized | <u>\$ 689,285</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 689,285</u> |

The funds are maintained in interest and non-interest-bearing checking accounts at FNB Bank New Mexico, non-interest-bearing checking accounts at Citizens Bank, and an interest bearing certificate of deposit at Quay Schools Federal Credit Union.

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

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

**STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 Cash and Temporary Investments (Continued)

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

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

At June 30, 2019, \$3,433,839 of the District’s bank balances of \$4,049,330 was exposed to custodial credit risk as it was uninsured and the collateral was held by the Bank of New York Mellon, not in the District’s name.

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

Reconciliation to Statement of Net Position

Governmental Funds - Balance Sheet

| | |
|--|--------------|
| Cash and cash equivalents per Exhibit A-1 | \$ 3,830,660 |
| Statement of Fiduciary Net Position - cash per Exhibit D-1 | 133,184 |
| Total per financial statements | 3,963,844 |
| Less funds held in trust investments | (15,301) |
| Add outstanding checks and other reconciling items | 100,787 |
| Bank balance of deposits | \$ 4,049,330 |

The District utilized pooled accounts for their programs and funds. Negative cash balances in individual funds that were part of the pooled accounts should be reclassified as due to/due from accounts in the combining balance sheets at June 30, 2019. Funds 24000 funds are federal funds and 27000 funds are non-federal funds. The funds listed in the interfund payables in Note 5 are the funds which had negative cash balances as of June 30, 2019.

Temporary Investments

As of June 30, 2019, the District had \$15,301 held in trust by the Bank of Albuquerque. These funds are held in a U.S. Treasury Money Market Fund. The District does not have the legal authority to move these funds from the trust institution. Information regarding the funds is as follows:

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

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

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

Concentration Credit Risk. The District places no limit on the amount the District may invest in any one issuer. Investments which are over 5% of total investments are the amounts invested in the Premier U.S. Government Money Portfolio which are invested by the trust institution Bank of Albuquerque and the certificates of deposit in Citizen’s Bank and Quay Schools Federal Credit Union.

**STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 Receivables

Receivables as of June 30, 2019 are as follows:

| | Major Funds | | | | | | Total Governmental Funds |
|----------------------------|----------------------|--------------------------|--------------------------------|---------------------------------------|--------------------------|--------------------------------|--------------------------------|
| | Operational 11000 | Title I IASA 24101 | IDEA-B Entitlement 24106 | Cap. Improv. SB-9 (State) 31700 | Debt Service 41000 | Other Governmental Funds | |
| Property taxes | \$ 9,051 | \$ - | \$ - | \$ - | \$ 161,276 | \$ 42,627 | \$ 212,954 |
| Due from other governments | - | 209,703 | 250,668 | 151,927 | - | 151,866 | 764,164 |
| Total receivables | \$ 9,051 | \$ 209,703 | \$ 250,668 | \$ 151,927 | \$ 161,276 | \$ 194,493 | \$ 977,118 |

The above receivables are deemed 100% collectible. In accordance with GASB No. 33, property tax revenues of \$163,045 and grants revenues of \$125,387 were not collected within the period of availability and have been reclassified as unavailable revenues in the governmental fund financial statements as deferred inflows of resources.

NOTE 5 Interfund Receivables, Payables, and Transfers

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

| Governmental Activities | Interfund Receivables | Interfund Payables |
|--|--------------------------|-----------------------|
| Major Funds: | | |
| Operational (11000) | \$ 553,203 | \$ - |
| Title I IASA (24101) | - | 198,547 |
| IDEA-B Entitlement (24106) | - | 116,686 |
| Capital Improvements SB-9 (31700) | - | 152,007 |
| Non-major Funds: | | |
| New Mexico Autism Project (24108) | - | 7,342 |
| IDEA-B Preschool (24109) | - | 6,043 |
| IDEA-B Results Plan (24132) | - | 3,677 |
| Teacher/Principal Training & Recruiting (24154) | - | 11,834 |
| Rural & Low-Income Schools (24160) | - | 7,098 |
| Carl D. Perkins - Current (24174) | - | 35,258 |
| Carl D. Perkins - Secondary Distribution (24176) | - | 1,551 |
| Student Support and Academic Enrichment (24189) | - | 6,329 |
| Dual Credit Instructional Materials (27103) | - | 107 |
| 2012 GO Bond Student Library Fund (27107) | - | 6,724 |
| Totals | \$ 553,203 | \$ 553,203 |

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

**STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 6 Capital Assets

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

| | Balance June 30, 2018 | Additions | Deletions | Balance June 30, 2019 |
|---|--------------------------|-----------------------|------------------|--------------------------|
| Capital assets used in governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 314,193 | \$ - | \$ - | \$ 314,193 |
| Construction in progress | - | 10,205 | - | 10,205 |
| Total capital assets not being depreciated | <u>314,193</u> | <u>10,205</u> | <u>-</u> | <u>324,398</u> |
| Capital assets being depreciated: | | | | |
| Land improvements | 1,083,781 | 28,620 | - | 1,112,401 |
| Buildings and building improvements | 59,317,533 | - | - | 59,317,533 |
| Furniture, fixtures, and equipment | 3,198,715 | 73,308 | - | 3,272,023 |
| Vehicles | 1,326,493 | 123,894 | (144,410) | 1,305,977 |
| Total capital assets being depreciated | <u>64,926,522</u> | <u>225,822</u> | <u>(144,410)</u> | <u>65,007,934</u> |
| Less accumulated depreciation: | | | | |
| Land improvements | 240,766 | 58,021 | - | 298,787 |
| Buildings and building improvements | 28,376,221 | 1,184,374 | - | 29,560,595 |
| Furniture, fixtures, and equipment | 2,070,539 | 169,233 | - | 2,239,772 |
| Vehicles | 1,144,762 | 35,618 | (144,410) | 1,035,970 |
| Total accumulated depreciation | <u>31,832,288</u> | <u>1,447,246</u> | <u>(144,410)</u> | <u>33,135,124</u> |
| Total capital assets, net of depreciation | <u>\$ 33,408,427</u> | <u>\$ (1,211,219)</u> | <u>\$ -</u> | <u>\$ 32,197,208</u> |

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

| | |
|---|---------------------|
| Governmental activities: | |
| Instruction | \$ 558,858 |
| Support services - students | 48,276 |
| Support services - general administration | 494 |
| Central services | 640 |
| Operation and maintenance of plant | 47,484 |
| Student transportation | 4,995 |
| Food services | 40,455 |
| Capital outlay | 746,044 |
| Total depreciation | <u>\$ 1,447,246</u> |

Construction commitments: At June 30, 2019, there are no outstanding construction commitments.

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

**STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 Long-Term Debt

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

| | Balance at 06/30/18 | Additions | Deletions | Balance at 06/30/19 | Due Within One Year |
|--------------------------|------------------------|-------------------|-------------------|------------------------|------------------------|
| General Obligation Bonds | \$ 5,130,000 | \$ - | \$ 845,000 | \$ 4,285,000 | \$ 570,000 |
| Compensated Absences | 46,584 | 121,817 | 120,941 | 47,460 | 47,460 |
| Total | \$ 5,176,584 | \$ 121,817 | \$ 965,941 | \$ 4,332,460 | \$ 617,460 |

General Obligations Bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds are issued with varying terms and varying amounts of principal maturing each year. As of June 30, 2019, all general obligation bonds are for governmental activities. The District prepaid the August 2020 payment related to the Series 2007 GO Bond in the amount of \$200,000 which makes the final payment due in August 2019.

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

| Fiscal Year Ending June 30, | Total General Obligation Bonds | | Total Debt Service |
|--------------------------------|--------------------------------|-------------------|-----------------------|
| | Principal | Interest | |
| 2020 | \$ 570,000 | \$ 88,497 | \$ 658,497 |
| 2021 | 365,000 | 77,604 | 442,604 |
| 2022 | 545,000 | 65,896 | 610,896 |
| 2023 | 545,000 | 51,142 | 596,142 |
| 2024 | 460,000 | 38,279 | 498,279 |
| 2025-2029 | 1,705,000 | 61,188 | 1,766,188 |
| 2030-2034 | 95,000 | 48 | 95,048 |
| Totals | \$ 4,285,000 | \$ 382,654 | \$ 4,667,654 |

A summary of all existing long-term debt for the District is provided below:

| Series 2007 GO Bond 5/25/2007 | Series 2009 GO Bond 8/13/2009 | Series 2010 GO Bond 5/6/2010 |
|-------------------------------------|-------------------------------------|------------------------------------|
| \$1,250,000 | \$900,000 | \$1,635,000 |
| 8/1/2019 | 8/1/2022 | 8/1/2022 |
| 1-Aug | 1-Aug | 1-Aug |
| 3.08% to 3.28% | 0.52% to 3.22% | 0.50% to 3.64% |
| 1-Aug | 1-Aug | 1-Aug |
| 1-Feb | 1-Feb | 1-Feb |

**STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 Long-Term Debt (Continued)

| | Series 2011 GO Bond | Series 2012 GO Bond | Series 2013 GO Bond |
|--------------------|------------------------|------------------------|------------------------|
| Issue Date | 4/22/2011 | 5/25/2012 | 8/23/2013 |
| Original Issue | \$1,055,000 | \$745,000 | \$200,000 |
| Maturity Date | 8/1/2024 | 8/1/2025 | 8/1/2023 |
| Principal | 1-Aug | 1-Aug | 1-Aug |
| Interest Rate | 1.53% to 4.41% | 0.00% to 2.793% | 0.3552% |
| Principal/Interest | 1-Aug | 1-Aug | 1-Aug |
| Interest | 1-Feb | 1-Feb | 1-Feb |

| | Series 2015 GO Bond | Series 2016 GO Bond |
|--------------------|------------------------|------------------------|
| Issue Date | 6/26/2015 | 6/24/2016 |
| Original Issue | \$1,500,000 | \$1,500,000 |
| Maturity Date | 8/1/2028 | 8/1/2029 |
| Principal | 1-Aug | 1-Aug |
| Interest Rate | 0.10% to 3.00% | 0.10% to 1.3734% |
| Principal/Interest | 1-Aug | 1-Aug |
| Interest | 1-Feb | 1-Feb |

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

Compensated Absences – Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2019, compensated absences increased \$876 over the prior year accrual. See Note 1 for more details.

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

NOTE 8 Unearned Revenue

In accordance with the terms of the various grant agreements within the Special Revenue Funds, revenues received in excess of expenditures carry over to the subsequent years, unless such excess revenues are requested to be returned to the grantor. The District had no unearned revenue at June 30, 2019.

NOTE 9 Risk Management

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

**STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 Risk Management (Continued)

The NMPSIA provides coverage for up to a maximum of \$500,000,000 for each property damage claim with a \$10,000 deductible to each building and \$750 for contents. General liability coverage is afforded to all employees, volunteers and school board members and the limit is subject to the NMSA Tort Claims Act on a per occurrence basis. The automobile and property liability limit is subject to the provisions of the Tort Claims Act. The crime limit is \$250,000 per occurrence for faithful performance. A limit of \$250,000 applies to depositor's forgery, credit card forgery and money orders. A limit of \$100,000 applies to Money and Security, which includes a \$750 deductible.

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

NOTE 10 Other Required Individual Fund Disclosures

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

- A. Deficit fund balance of individual funds. The District had one fund, 31700 Capital Improvements SB-9 (State Match, with a deficit fund balance at June 30, 2019 in the amount of \$2,444.

| Fund # | Fund Description | Amount |
|---------------|---|---------------|
| 31700 | Capital Improvements SB-9 (State Match) | \$ 2,444 |
| | Total | \$ 2,444 |

- B. Excess of expenditures over appropriations. The District had one fund overspend their appropriation. Fund 27149 Pre-K Initiative overspent its budget by \$59,543 in the instruction function and \$11,657 in the student transportation function.
- C. Cash appropriations in excess of available cash balance. No funds had cash appropriations in excess of available cash balances.

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

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

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

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

**STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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

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

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 that July 1, 2010 is as follows:

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

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

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

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

Benefit Options. The Plan has three benefit options available.

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

**STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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

received under Option A Straight Life Benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.

- **Option C – Joint 50% Survivor Benefit** – The single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the reduced 50% benefit is paid to the beneficiary for his or her lifetime. If the beneficiary received under Option A Straight Life Benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.

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

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

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

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

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

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

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

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

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

**STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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

the fiscal years ended June 30, 2019 and 2018, the District paid employee and employer contributions of \$1,415,555 and \$1,397,097 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 \$24,395,065 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2018, using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the Board on April 21, 2017. There were no other significant events of changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2018. Therefore, the employer’s portion was established as of the measurement date of June 30, 2018. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions, actuarially determined. At June 30, 2018, the District’s proportion was 0.20515%, which was an increase of 0.00242% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$3,322,801. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Net (Inflows) Outflows</u> |
|--|---|--|---------------------------------------|
| Differences between expected and actual experience | \$ 17,804 | \$ (464,277) | \$ (446,473) |
| Changes of assumptions | 5,027,708 | - | 5,027,708 |
| Net difference between projected and actual earnings on pension plan investments | 54,004 | - | 54,004 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 284,029 | - | 284,029 |
| District's contributions subsequent to the measurement date | 809,321 | - | 809,321 |
| Total | <u>\$ 6,192,866</u> | <u>\$ (464,277)</u> | <u>\$ 5,728,589</u> |

\$809,321 reported as deferred outflows of resources related to pensions resulting in the District’s contributions subsequent to the measurement date of June 30, 2018 will be recognized as a reduction of the net pension liability in the year ended June 30, 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:

Year ended June 30,

| | |
|------------|---------------------|
| 2020 | \$ 3,004,951 |
| 2021 | 1,916,662 |
| 2022 | (3,056) |
| 2023 | 711 |
| 2024 | - |
| Thereafter | - |
| Total | <u>\$ 4,919,268</u> |

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

**STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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

| | | | | | | | | | | | |
|---|---|-------------|-------------|-------------|-------------|-------------|-----------------------|------|------|------|------|
| Inflation | 2.5% | | | | | | | | | | |
| Salary Increases | 3.25% composed of 2.50% inflation, plus a 0.75% productivity increase rate, plus a step-rate promotional increase for members with less than 10 years of service. | | | | | | | | | | |
| Investment Rate of Return | 7.25% compounded annually, net of expenses. This is made up of a 2.50% inflation rate and a 4.75 real rate of return. | | | | | | | | | | |
| Average of Expected Remaining Service Lives | <table border="0" style="margin-left: 20px;"> <tr> <td style="padding-right: 20px;">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>Service life in years</td> <td style="text-align: center;">3.35</td> <td style="text-align: center;">3.77</td> <td style="text-align: center;">3.92</td> <td style="text-align: center;">3.88</td> </tr> </table> | Fiscal Year | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | Service life in years | 3.35 | 3.77 | 3.92 | 3.88 |
| Fiscal Year | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | | | | | | | |
| Service life in years | 3.35 | 3.77 | 3.92 | 3.88 | | | | | | | |
| Mortality | <p>Healthy males: Based on the RP-2000 Combined Mortality Table with White Collar adjustments, generational mortality improvements with Scale BB from the table's base year of 2000.</p> <p>Healthy females: Based on GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with Scale BB from the table's base year of 2012.</p> <p>Disabled males: RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB.</p> <p>Disabled females: RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.</p> <p>Active members: RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table's base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for preretirement mortality.</p> | | | | | | | | | | |
| Retirement Age | Experience-based table rates based on age and service, adopted by the Board on April 21, 2017 in conjunction with the six-year experience study for the period ending June 30, 2016. | | | | | | | | | | |
| Cost-of-Living Increases | 1.90% per year, compounded annually; increases deferred until July 1 following the year a member retires, or the year in which a member attains the age of 65 (67 for Tier 3), whichever is later or, for disabled retirees, until July 1 of the third year following retirement. | | | | | | | | | | |
| Payroll Growth | 3.00% per year (with no allowance for membership growth). | | | | | | | | | | |
| Contribution Accumulation | The accumulated member account balance with interest is estimated at the valuation date by assuming that member contributions increased 5.50% per year for all years prior to the valuation date. Contributions are credited with 4.00% interest, compounded annually, applicable to the account balance in the past as well as future. | | | | | | | | | | |
| Disability Incidence | Approved rates applied to eligible members with at least 10 years of service. | | | | | | | | | | |

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

**STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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

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 | 100% | 7.25% |

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

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

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

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

| <u>1% Decrease (4.69%)</u> | <u>Current Discount Rate (5.69%)</u> | <u>1% Increase (6.69%)</u> |
|--------------------------------|--|--------------------------------|
| \$ 31,704,242 | \$ 24,395,065 | \$ 18,431,234 |

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

**STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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

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

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

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

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA’s financial information is included with the financial presentation of the State of New Mexico. The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the post-employment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque NM 87107.

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 |
| Total | <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 |
| Total | <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

**STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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

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 \$175,044 and \$172,302 for the years ended June 30, 2019 and 2018.

At June 30, 2019, the District reported a liability of \$5,848,537 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2018. At June 30, 2018, the District's proportion was 0.13450% which was a decrease of 0.00013% from its proportion measured at June 30, 2017.

For the year ended June 30, 2019, the District recognized OPEB expense of \$125,728. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Net (Inflows) Outflows</u> |
|---|---|--|---------------------------------------|
| Differences between expected and actual experience | \$ - | \$ (346,271) | \$ (346,271) |
| Changes of assumptions | - | (1,091,896) | (1,091,896) |
| Net difference between projected and actual earnings on pension plan investments | - | (72,988) | (72,988) |
| Changes in proportion | - | (5,968) | (5,968) |
| District's contributions subsequent to the measurement date | <u>116,696</u> | <u>-</u> | <u>116,696</u> |
| Total | <u>\$ 116,696</u> | <u>\$ (1,517,123)</u> | <u>\$ (1,400,427)</u> |

Deferred outflows of resources totaling \$114,871 represent the District's contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30,

| | |
|------------|-----------------------|
| 2020 | \$ (385,216) |
| 2021 | (385,216) |
| 2022 | (385,216) |
| 2023 | (297,772) |
| 2024 | (63,703) |
| Thereafter | <u>-</u> |
| Total | <u>\$ (1,517,123)</u> |

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

Valuation Date June 30, 2017

**STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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

| | |
|-----------------------------|---|
| Actuarial cost method | Entry age normal, level percent of pay, calculated on individual employee basis. |
| Asset valuation method | Market value of assets |
| Actuarial assumptions: | |
| Inflation | 2.50% for ERB, 2.25% for PERA |
| Projected payroll increases | 3.25% to 12.5% based on years of service including inflation |
| Investment rate of return | 7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation. |
| Health care cost trend rate | 8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs |

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

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

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

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

**STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

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

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates: The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08%) or 1-percentage-point higher (5.08%) than the current discount rate:

| 1% Decrease (3.08%) | Current Discount Rate (4.08%) | 1% Increase (5.08%) |
|------------------------|-------------------------------------|------------------------|
| \$ 7,078,107 | \$ 5,848,537 | \$ 4,879,362 |

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

| 1% Decrease | Current Trend Rates | 1% Increase |
|--------------|------------------------|--------------|
| \$ 4,944,064 | \$ 5,848,537 | \$ 6,557,664 |

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. The reports and other relevant information can be found on NMERB’s web site at <https://www.nmrhca.org>.

Payable changes in the net OPEB liability: At June 30, 2019, the District reported no outstanding contributions due to NMRHCA for the year ended June 30, 2019.

NOTE 13 Unavailable Revenues

The District had \$163,045 of property taxes which were earned and due at June 30, 2019 but not received within 60 days of year-end.

The District also had unavailable revenues of \$125,387, IDEA-B Entitlement (24106) of \$125,334 and Carl D Perkins – Secondary Distribution (24174) of \$53.

NOTE 14 Concentrations

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

NOTE 15 Contingent Liabilities

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

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

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 16 Tax Abatement Disclosures

GASB Statement No. 77 requires government agencies to identify any tax abatement agreements that affect the government agency and disclose the amount of tax which was abated. There are two such agreements which may impact the District for the year ending June 30, 2019. The abatements which affect the District are in the form of county taxable industrial revenue bonds (IRB) which were issued in the 2004 and 2016. Caprock Wind LLC and Caprock Solar 1 LLC entered into agreements with Quay County to abate ad valorem and property taxes. Both companies are eligible for tax abatement as they are electric generation facilities under 4-59-2(F)(4)b NMSA 1978. The 2004 and 2016A IRB's require the companies to make an annual payment in lieu of taxes (PILOT) payment of \$3,600 and \$26,650, respectively. On a gross dollar amount on an accrual basis the District's tax revenues were reduced during the year by the following amounts:

- 2004 IRB \$2,694.27
- 2016A IRB \$0

The abatements did not have a negative effect on the District for the year ended June 30, 2019, as the PILOT payments resulted in the District receiving \$27,555.73 more than it would have in the absence of the abatements.

NOTE 17 Subsequent Accounting Standard Pronouncements

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

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

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

In August 2018, GASB Statement No. 90 *Majority Equity Interests – An Amendment of GASB Statement No. 14 and No. 61*, was issued. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 17 Subsequent Accounting Standard Pronouncements (Continued)

statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The District is still evaluating how this standard will affect the District.

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

NOTE 18 Subsequent Events

A review of subsequent events through October 21, 2019 which is the date the financial statements were available to be issued, indicated nothing of audit significance.

(This page intentionally left blank.)

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
EDUCATIONAL RETIREMENT BOARD (ERB) PLAN
LAST 10 FISCAL YEARS*
JUNE 30, 2019

| Fiscal Year Ended June 30, | Measurement Date - Year Ended June 30, | District's Proportion of the Net Pension Liability (NPL) | District's Proportionate Share of the NPL | District's Covered- Employee Payroll | District's Proportionate Share of the NPL as a Percentage of its Covered- Employee Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|---------------------------------------|---|---|--|---|---|---|
| 2019 | 2018 | 0.20515% | \$ 24,395,065 | \$ 5,734,247 | 425.43% | 52.17% |
| 2018 | 2017 | 0.20273% | \$ 22,530,334 | \$ 5,780,214 | 389.78% | 52.95% |
| 2017 | 2016 | 0.19944% | \$ 14,352,567 | \$ 5,699,133 | 251.84% | 61.58% |
| 2016 | 2015 | 0.19594% | \$ 12,691,556 | \$ 5,577,460 | 227.55% | 63.97% |
| 2015 | 2014 | 0.20552% | \$ 11,726,409 | \$ 5,669,503 | 206.83% | 66.54% |

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

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

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
SCHEDULE OF PENSION CONTRIBUTIONS
EDUCATIONAL RETIREMENT BOARD (ERB) PLAN
LAST 10 FISCAL YEARS*
JUNE 30, 2019

Schedule II

| Fiscal Year Ended June 30, | Contractually Required Contribution | Contributions in Relation to the Contractually Required Contribution | Contribution Deficiency (Excess) | District's Covered- Employee Payroll | Contributions as a Percentage of Covered- Employee Payroll |
|---------------------------------------|--|---|---|---|---|
| 2019 | \$ 809,321 | \$ 809,321 | \$ - | \$ 5,823,188 | 13.90% |
| 2018 | \$ 796,959 | \$ 796,959 | \$ - | \$ 5,734,247 | 13.90% |
| 2017 | \$ 802,471 | \$ 802,471 | \$ - | \$ 5,780,214 | 13.88% |
| 2016 | \$ 791,772 | \$ 791,772 | \$ - | \$ 5,699,133 | 13.89% |
| 2015 | \$ 774,571 | \$ 774,571 | \$ - | \$ 5,577,460 | 13.89% |

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

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

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
EDUCATIONAL RETIREMENT BOARD (ERB) PLAN
JUNE 30, 2019

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

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

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

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

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
SCHEDULE OF PROPORTIONATE SHARE OF THE
NET OTHER POST-EMPLOYMENT BENEFITS (OPEB)
RETIREE HEALTH CARE AUTHORITY (RHCA)
LAST 10 FISCAL YEARS*
JUNE 30, 2019

| Fiscal Year Ended June 30, | Measurement Date - Year Ended June 30, | District's Proportion of the Net OPEB Liability | District's Proportionate Share of the Net OPEB Liability | District's Covered- Employee Payroll | District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered- Employee Payroll | Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability |
|---------------------------------------|---|--|---|---|--|--|
| 2019 | 2018 | 0.13450% | \$ 5,848,537 | \$ 5,743,326 | 101.83% | 13.14% |
| 2018 | 2017 | 0.13463% | \$ 6,100,991 | \$ 5,664,862 | 107.70% | 11.34% |

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

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

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
SCHEDULE OF OTHER POST-EMPLOYMENT BENEFITS (OPEB) CONTRIBUTIONS
RETIREE HEALTH CARE AUTHORITY (RHCA)
LAST 10 FISCAL YEARS*
JUNE 30, 2019

Schedule IV

| Year Ended June 30, | Contractually required contribution | Contributions in relation to the contractually required contribution | Contribution deficiency (excess) | District's covered- employee payroll | Contributions as a percentage of covered-employee payroll |
|------------------------|---|--|--|---|--|
| 2019 | \$ 116,696 | \$ 116,696 | \$ - | \$ 5,834,758 | 2.00% |
| 2018 | \$ 114,871 | \$ 114,871 | \$ - | \$ 5,743,326 | 2.00% |

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

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

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
RETIREE HEALTH CARE AUTHORITY (RHCA)
JUNE 30, 2019

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

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

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

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

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

(This page intentionally left blank.)

SUPPLEMENTARY INFORMATION

(This page intentionally left blank.)

NONMAJOR GOVERNMENTAL FUNDS

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

Statement A-1

| | SPECIAL REVENUE | CAPITAL PROJECTS | DEBT SERVICE | TOTAL |
|--|--------------------|---------------------|-----------------|-------------------|
| ASSETS | | | | |
| <i>Current assets:</i> | | | | |
| Cash and temporary investments | \$ 464,244 | \$ 277,989 | \$ - | \$ 742,233 |
| Accounts receivable | | | | |
| Taxes | - | 42,627 | - | 42,627 |
| Due from other governments | 151,866 | - | - | 151,866 |
| Interfund receivables | - | - | - | - |
| Other | - | - | - | - |
| Prepaid assets | - | - | - | - |
| Inventory | 3,217 | - | - | 3,217 |
| | <u>619,327</u> | <u>320,616</u> | <u>-</u> | <u>939,943</u> |
| <i>Total assets</i> | | | | |
| | <u>619,327</u> | <u>320,616</u> | <u>-</u> | <u>939,943</u> |
| LIABILITIES | | | | |
| <i>Current liabilities:</i> | | | | |
| Accounts payable | 13,828 | - | - | 13,828 |
| Accrued payroll liabilities | 10,901 | - | - | 10,901 |
| Interfund payables | 85,963 | - | - | 85,963 |
| <i>Total liabilities</i> | <u>110,692</u> | <u>-</u> | <u>-</u> | <u>110,692</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenues - property taxes | - | 32,740 | - | 32,740 |
| Unavailable revenues - other | 53 | - | - | 53 |
| <i>Total deferred inflows of resources</i> | <u>53</u> | <u>32,740</u> | <u>-</u> | <u>32,793</u> |
| FUND BALANCES | | | | |
| Nonspendable | 3,217 | - | - | 3,217 |
| Restricted for: | | | | |
| Grant mandates | 122,284 | - | - | 122,284 |
| Capital projects | - | 21,331 | - | 21,331 |
| Debt service | - | - | - | - |
| Assigned | 383,081 | 266,545 | - | 649,626 |
| Unassigned | - | - | - | - |
| <i>Total fund balances</i> | <u>508,582</u> | <u>287,876</u> | <u>-</u> | <u>796,458</u> |
| <i>Total liabilities, deferred inflows of resources, and fund balances</i> | <u>\$ 619,327</u> | <u>\$ 320,616</u> | <u>\$ -</u> | <u>\$ 939,943</u> |

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

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

Statement A-2

| | SPECIAL REVENUE | CAPITAL PROJECTS | DEBT SERVICE | TOTAL |
|--|--------------------|---------------------|-----------------|-------------------|
| <i>Revenues:</i> | | | | |
| Property taxes | \$ - | \$ 222,119 | \$ - | \$ 222,119 |
| State grants | 137,077 | - | - | 137,077 |
| Federal grants | 978,612 | - | - | 978,612 |
| Miscellaneous | 30,364 | - | - | 30,364 |
| Charges for services | 46,717 | - | - | 46,717 |
| Investment income | - | 871 | - | 871 |
| <i>Total revenues</i> | <u>1,192,770</u> | <u>222,990</u> | <u>-</u> | <u>1,415,760</u> |
| <i>Expenditures:</i> | | | | |
| <i>Current:</i> | | | | |
| Instruction | 275,024 | - | - | 275,024 |
| Support services | | | | |
| Students | 135,521 | - | - | 135,521 |
| Instruction | 44,809 | - | - | 44,809 |
| General administration | 40,998 | 2,237 | - | 43,235 |
| School administration | 2,767 | - | - | 2,767 |
| Central services | 35,115 | - | - | 35,115 |
| Operation & maintenance of plant | - | - | - | - |
| Student transportation | 13,225 | - | - | 13,225 |
| Other support services | - | - | - | - |
| Food services operations | 620,569 | - | - | 620,569 |
| Community services | - | - | - | - |
| Capital outlay | 28,955 | 434,072 | - | 463,027 |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| Bond issuance costs | - | - | - | - |
| <i>Total expenditures</i> | <u>1,196,983</u> | <u>436,309</u> | <u>-</u> | <u>1,633,292</u> |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | <u>(4,213)</u> | <u>(213,319)</u> | <u>-</u> | <u>(217,532)</u> |
| <i>Net changes in fund balances</i> | <u>(4,213)</u> | <u>(213,319)</u> | <u>-</u> | <u>(217,532)</u> |
| <i>Fund balances - beginning of year</i> | <u>512,795</u> | <u>501,195</u> | <u>-</u> | <u>1,013,990</u> |
| <i>Fund balances - end of year</i> | <u>\$ 508,582</u> | <u>\$ 287,876</u> | <u>\$ -</u> | <u>\$ 796,458</u> |

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

(This page intentionally left blank.)

SPECIAL REVENUE FUNDS

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
SPECIAL REVENUE FUND DESCRIPTIONS
JUNE 30, 2019

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

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

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

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

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

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

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

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

Carl D Perkins - Current (24174) – The objective of this grant is to provide secondary educational institutions the opportunity to develop, implement, and operate programs using different models of curricula that integrate vocational and academic learning. Funds are acquired from federal sources through the New Mexico Department of Education. This program is authorized by the Carl D. Perkins Career and Technical Education Act of 2006.

Carl Perkins – Secondary Distribution (24176) – The objective of this grant is to provide secondary educational institutions the opportunity to develop, implement, and operate programs using different models of curricula that integrate vocational and academic learning. Funds are acquired from federal sources through the New Mexico Department of Education. This program is authorized by the Carl D. Perkins Career and Technical Education Act of 2006. Distribution of Carl Perkins funds previously distributed are tracked in this fund.

Student Support and Academic Enrichment (24189) – To improve student's academic achievement by increasing the capacity of States, local educational agencies, schools and local communities to provide all students with access to a well-rounded education, improve school conditions for student learning, and improve the use of technology in order to improve the academic achievement and digital literacy for all students.

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

**STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
SPECIAL REVENUE FUND DESCRIPTIONS
JUNE 30, 2019**

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

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

Excellence in Teaching Awards (27125) – The funding under this award must be used solely for Excellence in Teaching salary supplements and may be only awarded to teachers who have met the award criteria.

PreK Initiative (27149) – The Pre-K Initiative program provides high-quality early childhood services (in accordance with the NM Pre-K standards) to four-year-old children in need. Authorized through 32A-23-1 NMSA 1978. No minimum balance required according to legislation.

NM Highway Department (Road) (28120) – To account for funds awarded by the New Mexico Department of Transportation for parking lot and bus area improvements.

NM Arts Division (28131) – Funding will be used to produce short art documentaries to be featured on the New Mexico PBS website.

Wind Farm Projects (29134) – Funds received by the district as a Payment in Lieu of Taxes from wind farms within Quay County. No minimum balance required according to legislation.

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

Statement B-1

| | Food Services 21000 | Athletics 22000 | New Mexico Autism Project 24108 | IDEA-B Preschool 24109 |
|--|---------------------------|--------------------|---------------------------------------|------------------------------|
| ASSETS | | | | |
| <i>Current assets:</i> | | | | |
| Cash and temporary investments | \$ 230,225 | \$ 10,641 | \$ - | \$ - |
| Accounts receivable | | | | |
| Taxes | - | - | - | - |
| Due from other governments | 49,525 | - | 7,342 | 6,072 |
| Interfund receivables | - | - | - | - |
| Other | - | - | - | - |
| Prepaid assets | - | - | - | - |
| Inventory | 3,217 | - | - | - |
| <i>Total assets</i> | <u>282,967</u> | <u>10,641</u> | <u>7,342</u> | <u>6,072</u> |
| LIABILITIES | | | | |
| <i>Current liabilities:</i> | | | | |
| Accounts payable | 13,828 | - | - | - |
| Accrued payroll liabilities | - | - | - | 29 |
| Interfund payables | - | - | 7,342 | 6,043 |
| <i>Total liabilities</i> | <u>13,828</u> | <u>-</u> | <u>7,342</u> | <u>6,072</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenues - property taxes | - | - | - | - |
| Unavailable revenues - other | - | - | - | - |
| <i>Total deferred inflows of resources</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | |
| Nonspendable | 3,217 | - | - | - |
| Restricted for: | | | | |
| Grant mandates | 86,452 | - | - | - |
| Capital projects | - | - | - | - |
| Debt service | - | - | - | - |
| Assigned | 179,470 | 10,641 | - | - |
| Unassigned | - | - | - | - |
| <i>Total fund balances</i> | <u>269,139</u> | <u>10,641</u> | <u>-</u> | <u>-</u> |
| <i>Total liabilities, deferred inflows of resources, and fund balances</i> | <u>\$ 282,967</u> | <u>\$ 10,641</u> | <u>\$ 7,342</u> | <u>\$ 6,072</u> |

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

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

Statement B-1

| | IDEA-B Results Plan 24132 | Teacher/Principal Training & Recruiting 24154 | Rural & Low-Income Schools 24160 | Carl D Perkins - Current 24174 |
|--|---------------------------------|--|---|--------------------------------------|
| ASSETS | | | | |
| <i>Current assets:</i> | | | | |
| Cash and temporary investments | \$ - | \$ - | \$ - | \$ - |
| Accounts receivable | | | | |
| Taxes | - | - | - | - |
| Due from other governments | 3,677 | 11,834 | 7,135 | 35,294 |
| Interfund receivables | - | - | - | - |
| Other | - | - | - | - |
| Prepaid assets | - | - | - | - |
| Inventory | - | - | - | - |
| <i>Total assets</i> | <u>3,677</u> | <u>11,834</u> | <u>7,135</u> | <u>35,294</u> |
| LIABILITIES | | | | |
| <i>Current liabilities:</i> | | | | |
| Accounts payable | - | - | - | - |
| Accrued payroll liabilities | - | - | 37 | 36 |
| Interfund payables | 3,677 | 11,834 | 7,098 | 35,258 |
| <i>Total liabilities</i> | <u>3,677</u> | <u>11,834</u> | <u>7,135</u> | <u>35,294</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenues - property taxes | - | - | - | - |
| Unavailable revenues - other | - | - | - | - |
| <i>Total deferred inflows of resources</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | |
| Nonspendable | - | - | - | - |
| Restricted for: | | | | |
| Grant mandates | - | - | - | - |
| Capital projects | - | - | - | - |
| Debt service | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| <i>Total fund balances</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Total liabilities, deferred inflows of resources, and fund balances</i> | <u>\$ 3,677</u> | <u>\$ 11,834</u> | <u>\$ 7,135</u> | <u>\$ 35,294</u> |

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

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

Statement B-1

| | Carl Perkins Secondary Redistribution 24176 | Student Support and Academic Enrichment 24189 | Title XIX Medicaid 3/21 Years 25153 | Dual Credit Instructional Materials 27103 |
|--|--|--|--|--|
| ASSETS | | | | |
| <i>Current assets:</i> | | | | |
| Cash and temporary investments | \$ - | \$ - | \$ 123,889 | \$ - |
| Accounts receivable | | | | |
| Taxes | - | - | - | - |
| Due from other governments | 1,604 | 6,329 | 16,223 | 107 |
| Interfund receivables | - | - | - | - |
| Other | - | - | - | - |
| Prepaid assets | - | - | - | - |
| Inventory | - | - | - | - |
| <i>Total assets</i> | <u>1,604</u> | <u>6,329</u> | <u>140,112</u> | <u>107</u> |
| LIABILITIES | | | | |
| <i>Current liabilities:</i> | | | | |
| Accounts payable | - | - | - | - |
| Accrued payroll liabilities | - | - | 6,255 | - |
| Interfund payables | 1,551 | 6,329 | - | 107 |
| <i>Total liabilities</i> | <u>1,551</u> | <u>6,329</u> | <u>6,255</u> | <u>107</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenues - property taxes | - | - | - | - |
| Unavailable revenues - other | 53 | - | - | - |
| <i>Total deferred inflows of resources</i> | <u>53</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | |
| Nonspendable | - | - | - | - |
| Restricted for: | | | | |
| Grant mandates | - | - | 35,832 | - |
| Capital projects | - | - | - | - |
| Debt service | - | - | - | - |
| Assigned | - | - | 98,025 | - |
| Unassigned | - | - | - | - |
| <i>Total fund balances</i> | <u>-</u> | <u>-</u> | <u>133,857</u> | <u>-</u> |
| <i>Total liabilities, deferred inflows of resources, and fund balances</i> | <u>\$ 1,604</u> | <u>\$ 6,329</u> | <u>\$ 140,112</u> | <u>\$ 107</u> |

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

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

Statement B-1

| | 2012 GO Bond Student Library Fund (SB66) 27107 | Excellence in Teaching Awards 27125 | PreK Initiative 27149 | NM Highway Department (Road) 28120 |
|--|---|---|-----------------------------|---|
| ASSETS | | | | |
| <i>Current assets:</i> | | | | |
| Cash and temporary investments | \$ - | \$ - | \$ 4,544 | \$ - |
| Accounts receivable | | | | |
| Taxes | - | - | - | - |
| Due from other governments | 6,724 | - | - | - |
| Interfund receivables | - | - | - | - |
| Other | - | - | - | - |
| Prepaid assets | - | - | - | - |
| Inventory | - | - | - | - |
| <i>Total assets</i> | <u>6,724</u> | <u>-</u> | <u>4,544</u> | <u>-</u> |
| LIABILITIES | | | | |
| <i>Current liabilities:</i> | | | | |
| Accounts payable | - | - | - | - |
| Accrued payroll liabilities | - | - | 4,544 | - |
| Interfund payables | 6,724 | - | - | - |
| <i>Total liabilities</i> | <u>6,724</u> | <u>-</u> | <u>4,544</u> | <u>-</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenues - property taxes | - | - | - | - |
| Unavailable revenues - other | - | - | - | - |
| <i>Total deferred inflows of resources</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES | | | | |
| Nonspendable | - | - | - | - |
| Restricted for: | | | | |
| Grant mandates | - | - | - | - |
| Capital projects | - | - | - | - |
| Debt service | - | - | - | - |
| Assigned | - | - | - | - |
| Unassigned | - | - | - | - |
| <i>Total fund balances</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Total liabilities, deferred inflows of resources, and fund balances</i> | <u>\$ 6,724</u> | <u>\$ -</u> | <u>\$ 4,544</u> | <u>\$ -</u> |

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

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

Statement B-1

| | NM Arts Division 28131 | Wind Farm Projects 29134 | Total |
|--|------------------------------|--------------------------------|-------------------|
| ASSETS | | | |
| <i>Current assets:</i> | | | |
| Cash and temporary investments | \$ - | \$ 94,945 | \$ 464,244 |
| Accounts receivable | | | - |
| Taxes | - | - | - |
| Due from other governments | - | - | 151,866 |
| Interfund receivables | - | - | - |
| Other | - | - | - |
| Prepaid assets | - | - | - |
| Inventory | - | - | 3,217 |
| <i>Total assets</i> | <u>-</u> | <u>94,945</u> | <u>619,327</u> |
| LIABILITIES | | | |
| <i>Current liabilities:</i> | | | |
| Accounts payable | - | - | 13,828 |
| Accrued payroll liabilities | - | - | 10,901 |
| Interfund payables | - | - | 85,963 |
| <i>Total liabilities</i> | <u>-</u> | <u>-</u> | <u>110,692</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenues - property taxes | - | - | - |
| Unavailable revenues - other | - | - | 53 |
| <i>Total deferred inflows of resources</i> | <u>-</u> | <u>-</u> | <u>53</u> |
| FUND BALANCES | | | |
| Nonspendable | - | - | 3,217 |
| Restricted for: | | | |
| Grant mandates | - | - | 122,284 |
| Capital projects | - | - | - |
| Debt service | - | - | - |
| Assigned | - | 94,945 | 383,081 |
| Unassigned | - | - | - |
| <i>Total fund balances</i> | <u>-</u> | <u>94,945</u> | <u>508,582</u> |
| <i>Total liabilities, deferred inflows of resources, and fund balances</i> | <u>\$ -</u> | <u>\$ 94,945</u> | <u>\$ 619,327</u> |

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

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

Statement B-2

| | Food Services 21000 | Athletics 22000 | New Mexico Autism Project 24108 | IDEA-B Preschool 24109 |
|--|---------------------------|--------------------|---------------------------------------|------------------------------|
| <i>Revenues:</i> | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - |
| State grants | - | - | - | - |
| Federal grants | 592,773 | - | 7,342 | 20,235 |
| Miscellaneous | - | 114 | - | - |
| Charges for services | 24,729 | 21,988 | - | - |
| Investment income | - | - | - | - |
| <i>Total revenues</i> | <u>617,502</u> | <u>22,102</u> | <u>7,342</u> | <u>20,235</u> |
| <i>Expenditures:</i> | | | | |
| <i>Current:</i> | | | | |
| Instruction | - | 24,993 | - | 18,835 |
| Support services | | | | |
| Students | - | - | 7,074 | 688 |
| Instruction | - | - | - | - |
| General administration | 20,909 | - | 268 | 712 |
| School administration | - | - | - | - |
| Central services | - | - | - | - |
| Operation & maintenance of plant | - | - | - | - |
| Student transportation | - | - | - | - |
| Other support services | - | - | - | - |
| Food services operations | 620,569 | - | - | - |
| Community services | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>641,478</u> | <u>24,993</u> | <u>7,342</u> | <u>20,235</u> |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | <u>(23,976)</u> | <u>(2,891)</u> | <u>-</u> | <u>-</u> |
| <i>Net changes in fund balances</i> | <u>(23,976)</u> | <u>(2,891)</u> | <u>-</u> | <u>-</u> |
| <i>Fund balances - beginning of year</i> | <u>293,115</u> | <u>13,532</u> | <u>-</u> | <u>-</u> |
| <i>Fund balances - end of year</i> | <u>\$ 269,139</u> | <u>\$ 10,641</u> | <u>\$ -</u> | <u>\$ -</u> |

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

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

Statement B-2

| | IDEA-B Results Plan 24132 | Teacher/Principal Training & Recruiting 24154 | Rural & Low-Income Schools 24160 | Carl D Perkins - Current 24174 |
|--|---------------------------------|--|---|--------------------------------------|
| <i>Revenues:</i> | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - |
| State grants | - | - | - | - |
| Federal grants | 21,919 | 74,333 | 15,768 | 37,205 |
| Miscellaneous | - | - | - | - |
| Charges for services | - | - | - | - |
| Investment income | - | - | - | - |
| <i>Total revenues</i> | <u>21,919</u> | <u>74,333</u> | <u>15,768</u> | <u>37,205</u> |
| <i>Expenditures:</i> | | | | |
| <i>Current:</i> | | | | |
| Instruction | - | 55,010 | 15,212 | 36,577 |
| Support services | | | | |
| Students | - | - | - | - |
| Instruction | 21,147 | - | - | - |
| General administration | 772 | 16,556 | 556 | 628 |
| School administration | - | 2,767 | - | - |
| Central services | - | - | - | - |
| Operation & maintenance of plant | - | - | - | - |
| Student transportation | - | - | - | - |
| Other support services | - | - | - | - |
| Food services operations | - | - | - | - |
| Community services | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>21,919</u> | <u>74,333</u> | <u>15,768</u> | <u>37,205</u> |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Net changes in fund balances</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Fund balances - beginning of year</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Fund balances - end of year</i> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

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

| | Carl Perkins Secondary Redistribution 24176 | Student Support and Academic Enrichment 24189 | Title XIX Medicaid 3/21 Years 25153 | Dual Credit Instructional Materials 27103 |
|--|--|--|--|--|
| <i>Revenues:</i> | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - |
| State grants | - | - | - | 3,884 |
| Federal grants | 1,551 | 27,147 | 180,339 | - |
| Miscellaneous | - | - | - | - |
| Charges for services | - | - | - | - |
| Investment income | - | - | - | - |
| <i>Total revenues</i> | <u>1,551</u> | <u>27,147</u> | <u>180,339</u> | <u>3,884</u> |
| <i>Expenditures:</i> | | | | |
| Current: | | | | |
| Instruction | 1,497 | - | 24,522 | 3,884 |
| Support services | | | | |
| Students | - | 26,604 | 101,155 | - |
| Instruction | - | - | 16,938 | - |
| General administration | 54 | 543 | - | - |
| School administration | - | - | - | - |
| Central services | - | - | 35,115 | - |
| Operation & maintenance of plant | - | - | - | - |
| Student transportation | - | - | - | - |
| Other support services | - | - | - | - |
| Food services operations | - | - | - | - |
| Community services | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>1,551</u> | <u>27,147</u> | <u>177,730</u> | <u>3,884</u> |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | <u>-</u> | <u>-</u> | <u>2,609</u> | <u>-</u> |
| <i>Net changes in fund balances</i> | <u>-</u> | <u>-</u> | <u>2,609</u> | <u>-</u> |
| <i>Fund balances - beginning of year</i> | <u>-</u> | <u>-</u> | <u>131,248</u> | <u>-</u> |
| <i>Fund balances - end of year</i> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 133,857</u> | <u>\$ -</u> |

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

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

| | 2012 GO Bond Student Library Fund (SB66) 27107 | Excellence in Teaching Awards 27125 | PreK Initiative 27149 | NM Highway Department (Road) 28120 |
|--|---|---|-----------------------------|---|
| <i>Revenues:</i> | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - |
| State grants | 6,724 | 26,881 | 74,886 | 18,750 |
| Federal grants | - | - | - | - |
| Miscellaneous | - | - | - | - |
| Charges for services | - | - | - | - |
| Investment income | - | - | - | - |
| <i>Total revenues</i> | <u>6,724</u> | <u>26,881</u> | <u>74,886</u> | <u>18,750</u> |
| <i>Expenditures:</i> | | | | |
| <i>Current:</i> | | | | |
| Instruction | - | 26,881 | 61,661 | - |
| Support services | | | | |
| Students | - | - | - | - |
| Instruction | 6,724 | - | - | - |
| General administration | - | - | - | - |
| School administration | - | - | - | - |
| Central services | - | - | - | - |
| Operation & maintenance of plant | - | - | - | - |
| Student transportation | - | - | 13,225 | - |
| Other support services | - | - | - | - |
| Food services operations | - | - | - | - |
| Community services | - | - | - | - |
| Capital outlay | - | - | - | 18,750 |
| Debt service | | | | |
| Principal | - | - | - | - |
| Interest | - | - | - | - |
| <i>Total expenditures</i> | <u>6,724</u> | <u>26,881</u> | <u>74,886</u> | <u>18,750</u> |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Net changes in fund balances</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Fund balances - beginning of year</i> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Fund balances - end of year</i> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

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

| | NM Arts Division 28131 | Wind Farm Projects 29134 | Total |
|--|------------------------------|--------------------------------|-------------------|
| <i>Revenues:</i> | | | |
| Property taxes | \$ - | \$ - | \$ - |
| State grants | 5,952 | - | 137,077 |
| Federal grants | - | - | 978,612 |
| Miscellaneous | - | 30,250 | 30,364 |
| Charges for services | - | - | 46,717 |
| Investment income | - | - | - |
| <i>Total revenues</i> | <u>5,952</u> | <u>30,250</u> | <u>1,192,770</u> |
| <i>Expenditures:</i> | | | |
| Current: | | | |
| Instruction | 5,952 | - | 275,024 |
| Support services | | | |
| Students | - | - | 135,521 |
| Instruction | - | - | 44,809 |
| General administration | - | - | 40,998 |
| School administration | - | - | 2,767 |
| Central services | - | - | 35,115 |
| Operation & maintenance of plant | - | - | - |
| Student transportation | - | - | 13,225 |
| Other support services | - | - | - |
| Food services operations | - | - | 620,569 |
| Community services | - | - | - |
| Capital outlay | - | 10,205 | 28,955 |
| Debt service | | | |
| Principal | - | - | - |
| Interest | - | - | - |
| <i>Total expenditures</i> | <u>5,952</u> | <u>10,205</u> | <u>1,196,983</u> |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | <u>-</u> | <u>20,045</u> | <u>(4,213)</u> |
| <i>Net changes in fund balances</i> | <u>-</u> | <u>20,045</u> | <u>(4,213)</u> |
| <i>Fund balances - beginning of year</i> | <u>-</u> | <u>74,900</u> | <u>512,795</u> |
| <i>Fund balances - end of year</i> | <u>\$ -</u> | <u>\$ 94,945</u> | <u>\$ 508,582</u> |

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

(This page intentionally left blank.)

CAPITAL PROJECTS FUNDS

**STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
CAPITAL PROJECT FUNDS DESCRIPTIONS
JUNE 30, 2019**

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

Bond Building (31100) – The fund is used to account for bond proceeds and any income earned thereon. The proceeds are restricted for the purpose of making additions to and furnishing of school buildings, or purchasing or improving school grounds or any combination thereof, as approved by the voters of the District. No minimum balance required according to legislation.

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

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2019

Statement C-1

| | <u>Bond Building 31100</u> | <u>Capital Improvements SB-9 (Local) 31701</u> | <u>Total</u> |
|--|------------------------------------|--|-------------------|
| ASSETS | | | |
| <i>Current assets:</i> | | | |
| Cash and temporary investments | \$ 15,302 | \$ 262,687 | \$ 277,989 |
| Accounts receivable | | | |
| Taxes | - | 42,627 | 42,627 |
| Due from other governments | - | - | - |
| Interfund receivables | - | - | - |
| Other | - | - | - |
| Prepaid assets | - | - | - |
| Inventory | - | - | - |
| | <u>15,302</u> | <u>305,314</u> | <u>320,616</u> |
| <i>Total assets</i> | | | |
| LIABILITIES | | | |
| <i>Current liabilities:</i> | | | |
| Accounts payable | - | - | - |
| Accrued payroll liabilities | - | - | - |
| Interfund payables | - | - | - |
| Unearned revenue | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Total liabilities</i> | | | |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenues - property taxes | - | 32,740 | 32,740 |
| Unavailable revenues - other | - | - | - |
| | <u>-</u> | <u>32,740</u> | <u>32,740</u> |
| <i>Total deferred inflows of resources</i> | | | |
| FUND BALANCES | | | |
| Nonspendable | - | - | - |
| Restricted for: | | | |
| Grant mandates | - | - | - |
| Capital projects | 46 | 21,285 | 21,331 |
| Debt service | - | - | - |
| Assigned | 15,256 | 251,289 | 266,545 |
| Unassigned | - | - | - |
| | <u>15,302</u> | <u>272,574</u> | <u>287,876</u> |
| <i>Total fund balances</i> | | | |
| <i>Total liabilities, deferred inflows of resources, and fund balances</i> | <u>\$ 15,302</u> | <u>\$ 305,314</u> | <u>\$ 320,616</u> |

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

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

Statement C-2

| | Bond Building 31100 | Capital Improvements SB-9 (Local) 31701 | Total |
|--|---------------------------|--|-------------------|
| <i>Revenues:</i> | | | |
| Property taxes | \$ - | \$ 222,119 | \$ 222,119 |
| State grants | - | - | - |
| Federal grants | - | - | - |
| Miscellaneous | - | - | - |
| Charges for services | - | - | - |
| Investment income | 871 | - | 871 |
| <i>Total revenues</i> | <u>871</u> | <u>222,119</u> | <u>222,990</u> |
| <i>Expenditures:</i> | | | |
| <i>Current:</i> | | | |
| Instruction | - | - | - |
| Support services | | | |
| Students | - | - | - |
| Instruction | - | - | - |
| General administration | - | 2,237 | 2,237 |
| School administration | - | - | - |
| Central services | - | - | - |
| Operation & maintenance of plant | - | - | - |
| Student transportation | - | - | - |
| Other support services | - | - | - |
| Food services operations | - | - | - |
| Community services | - | - | - |
| Capital outlay | 222,225 | 211,847 | 434,072 |
| Debt service | | | |
| Principal | - | - | - |
| Interest | - | - | - |
| Bond issuance costs | - | - | - |
| <i>Total expenditures</i> | <u>222,225</u> | <u>214,084</u> | <u>436,309</u> |
| <i>Excess (deficiency) of revenues over (under) expenditures</i> | <u>(221,354)</u> | <u>8,035</u> | <u>(213,319)</u> |
| <i>Net changes in fund balances</i> | <u>(221,354)</u> | <u>8,035</u> | <u>(213,319)</u> |
| <i>Fund balances - beginning of year</i> | <u>236,656</u> | <u>264,539</u> | <u>501,195</u> |
| <i>Fund balances - end of year</i> | <u>\$ 15,302</u> | <u>\$ 272,574</u> | <u>\$ 287,876</u> |

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

(This page intentionally left blank.)

OTHER SUPPLEMENTAL INFORMATION

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
AGENCY FUNDS
SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2019

Schedule V

| | Balance June 30, 2018 | Additions | Deletions | Adjustments | Balance June 30, 2019 |
|--------------------------|--------------------------|-------------------|-------------------|----------------|--------------------------|
| ASSETS | | | | | |
| High School | \$ 82,989 | \$ 122,114 | \$ 128,064 | \$ - | \$ 77,039 |
| Middle School | 16,603 | 27,883 | 24,234 | (50) | 20,202 |
| Elementary | 17,239 | 12,814 | 15,094 | - | 14,959 |
| Memorials/Scholarships | 22,082 | 2 | 1,100 | - | 20,984 |
| Total Assets | <u>\$ 138,913</u> | <u>\$ 162,813</u> | <u>\$ 168,492</u> | <u>\$ (50)</u> | <u>\$ 133,184</u> |
| LIABILITIES | | | | | |
| Deposits held for others | <u>\$ 138,913</u> | <u>\$ 162,813</u> | <u>\$ 168,492</u> | <u>\$ (50)</u> | <u>\$ 133,184</u> |

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

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
SCHEDULE OF PLEDGED COLLATERAL
FOR THE YEAR ENDED JUNE 30, 2019

Schedule VI

| <u>Name of Depository</u> | <u>Description of Pledged Collateral</u> | <u>Maturity Date</u> | <u>CUSIP Number</u> | <u>Fair Market Value June 30, 2019</u> |
|---------------------------|--|----------------------|---------------------|--|
| FNB New Mexico | | | | |
| | FHLB | 3/1/2048 | 3140J8E66 | \$ 486,239 |
| | FHLB | 3/25/2041 | 83165AWR1 | 209,474 |
| | FHLB Letter of Credit | 8/28/2019 | N/A | 1,700,000 |
| Total FNB New Mexico | | | | <u>\$ 2,395,713</u> |

The securities are held, not in the District's name, at:
Federal Home Loan Bank
8500 Freeport Parkway South
Suite 100
Irving, TX 75063-2547

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

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
SCHEDULE OF CASH AND TEMPORARY INVESTMENT ACCOUNTS
JUNE 30, 2019

Schedule VII

| <u>Bank Name/Account Type</u> | <u>Account Type</u> | <u>Bank Balance</u> | <u>Deposits in Transit</u> | <u>Outstanding Checks</u> | <u>Other Adjustments</u> | <u>Book Balance</u> |
|---|---------------------|---------------------|----------------------------|---------------------------|--------------------------|---------------------|
| FNB NEW MEXICO | | | | | | |
| Operational | Checking | \$ 3,536,694 | \$ 1,822 | \$ (228,309) | \$ 129,162 | \$ 3,439,369 |
| DRAW | ACH | 126,161 | - | - | (171) | 125,990 |
| Total FNB New Mexico | | <u>\$ 3,662,855</u> | <u>\$ 1,822</u> | <u>\$ (228,309)</u> | <u>\$ 128,991</u> | <u>\$ 3,565,359</u> |
| <u>Bank Name/Account Type</u> | <u>Account Type</u> | <u>Bank Balance</u> | <u>Deposits in Transit</u> | <u>Outstanding Checks</u> | <u>Other Adjustments</u> | <u>Book Balance</u> |
| Wells Fargo Bank Trust Accounts | | | | | | |
| David L/Sylvia York Scholarship Fund | Money Market | \$ 2,827 | \$ - | \$ - | \$ - | \$ 2,827 |
| Rod David Memorial Fund | Money Market | 4,156 | - | - | - | 4,156 |
| DECA Scholarship Fund | Checking | 11,701 | - | - | - | 11,701 |
| AJ Moya Memorial Fund | Checking | 2,300 | - | - | - | 2,300 |
| Total Wells Fargo Bank | | <u>\$ 20,984</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 20,984</u> |
| <u>Bank Name/Account Type</u> | <u>Account Type</u> | <u>Bank Balance</u> | <u>Deposits in Transit</u> | <u>Outstanding Checks</u> | <u>Other Adjustments</u> | <u>Book Balance</u> |
| Citizens Bank | | | | | | |
| Tucumcari High School | Checking | \$ 79,129 | \$ - | \$ (2,089) | \$ - | \$ 77,040 |
| Tucumcari Middle School | Checking | 21,403 | - | (1,202) | - | 20,201 |
| Tucumcari Elementary School | Checking | 14,959 | - | - | - | 14,959 |
| Total Citizens Bank | | <u>\$ 115,491</u> | <u>\$ -</u> | <u>\$ (3,291)</u> | <u>\$ -</u> | <u>\$ 112,200</u> |
| <u>Bank Name/Account Type</u> | <u>Account Type</u> | <u>Bank Balance</u> | <u>Deposits in Transit</u> | <u>Outstanding Checks</u> | <u>Other Adjustments</u> | <u>Book Balance</u> |
| Quay Schools Federal Credit Union | | | | | | |
| Certificate of Deposit | CD | \$ 250,000 | \$ - | \$ - | \$ - | \$ 250,000 |
| Total Quay Schools Federal Credit Union | | <u>\$ 250,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 250,000</u> |
| <u>Bank Name/Account Type</u> | <u>Account Type</u> | <u>Bank Balance</u> | <u>Deposits in Transit</u> | <u>Outstanding Checks</u> | <u>Other Adjustments</u> | <u>Book Balance</u> |
| Bank of Albuquerque | | | | | | |
| Infrastructure and Improvement Bond Acct | Trust | \$ 15,301 | \$ - | \$ - | \$ - | \$ 15,301 |
| Total Bank of Albuquerque | | <u>\$ 15,301</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 15,301</u> |
| Total | | <u>\$ 4,064,631</u> | <u>\$ 1,822</u> | <u>\$ (231,600)</u> | <u>\$ 128,991</u> | <u>\$ 3,963,844</u> |
| Cash per financial statements | | | | | | |
| Cash and cash equivalents - Government Activities Exhibit A-1 | | | | | | \$ 3,830,660 |
| Fiduciary funds - Exhibit D-1 | | | | | | 133,184 |
| | | | | | | <u>\$ 3,963,844</u> |

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

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
SCHEDULE OF CASH RECONCILIATIONS
JUNE 30, 2019

Schedule VIII

Primary Government

| | Operational 11000 | Transportation 13000 | Instructional Materials 14000 | Food Services 21000 |
|---------------------------|----------------------|-------------------------|-------------------------------------|------------------------|
| Cash, June 30, 2018 | \$ 2,165,863 | \$ 436 | \$ 40,172 | \$ 282,529 |
| Add: | | | | |
| Current year revenues | 8,854,162 | 241,906 | 31,986 | 541,251 |
| Permanent cash transfers | - | - | - | - |
| Prior period adjustment | - | - | - | - |
| Bond proceeds | - | - | - | - |
| Loans from other funds | - | - | - | - |
| Total cash available | 11,020,025 | 242,342 | 72,158 | 823,780 |
| Less: | | | | |
| Current year expenditures | (8,227,038) | (241,212) | (25,750) | (593,555) |
| Permanent cash transfers | - | - | - | - |
| Prior period adjustment | - | - | - | - |
| Loans to other funds | (553,203) | - | - | - |
| Cash, June 30, 2019 | <u>\$ 2,239,784</u> | <u>\$ 1,130</u> | <u>\$ 46,408</u> | <u>\$ 230,225</u> |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
SCHEDULE OF CASH RECONCILIATIONS
JUNE 30, 2019

Schedule VIII

Primary Government

| | Athletics 22000 | Federal Flowthrough 24000 | Federal Direct 25000 | State Flowthrough 27000 |
|---------------------------|--------------------|---------------------------------|----------------------------|-------------------------------|
| Cash, June 30, 2018 | \$ 13,532 | \$ (294,785) | \$ 119,245 | \$ (1,633) |
| Add: | | | | |
| Current year revenues | 22,102 | 819,691 | 179,411 | 109,834 |
| Permanent cash transfers | - | - | - | - |
| Prior period adjustment | - | - | - | - |
| Bond proceeds | - | - | - | - |
| Loans from other funds | - | 394,365 | - | 6,831 |
| Total cash available | 35,634 | 919,271 | 298,656 | 115,032 |
| Less: | | | | |
| Current year expenditures | (24,993) | (919,271) | (174,767) | (110,488) |
| Permanent cash transfers | - | - | - | - |
| Prior period adjustment | - | - | - | - |
| Loans to other funds | - | - | - | - |
| Cash, June 30, 2019 | <u>\$ 10,641</u> | <u>\$ -</u> | <u>\$ 123,889</u> | <u>\$ 4,544</u> |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
SCHEDULE OF CASH RECONCILIATIONS
JUNE 30, 2019

Schedule VIII

Primary Government

| | State Direct 28000 | Local / State 29000 | Bond Building 31100 | Capital Improvements SB-9 (State Match) 31700 |
|---------------------------|--------------------------|---------------------------|---------------------------|--|
| Cash, June 30, 2018 | \$ - | \$ 74,900 | \$ 236,656 | \$ (6,859) |
| Add: | | | | |
| Current year revenues | 24,702 | 30,250 | 871 | 72,439 |
| Permanent cash transfers | - | - | - | - |
| Prior period adjustment | - | - | - | - |
| Bond proceeds | - | - | - | - |
| Loans from other funds | - | - | - | 152,007 |
| Total cash available | 24,702 | 105,150 | 237,527 | 217,587 |
| Less: | | | | |
| Current year expenditures | (24,702) | (10,205) | (222,225) | (217,507) |
| Permanent cash transfers | - | - | - | - |
| Prior period adjustment | - | - | - | - |
| Loans to other funds | - | - | - | - |
| Cash, June 30, 2019 | <u>\$ -</u> | <u>\$ 94,945</u> | <u>\$ 15,302</u> | <u>\$ 80</u> |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
SCHEDULE OF CASH RECONCILIATIONS
JUNE 30, 2019

Schedule VIII

| Primary Government | Capital Improvements SB-9 (Local) 31701 | Debt Service 41000 | Total |
|---------------------------|--|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Cash, June 30, 2018 | \$ 256,140 | \$ 939,188 | \$ 3,825,384 |
| Add: | | | |
| Current year revenues | 220,631 | 827,793 | 11,977,029 |
| Permanent cash transfers | - | - | - |
| Prior period adjustment | - | - | - |
| Bond proceeds | - | - | - |
| Loans from other funds | - | - | 553,203 |
| | <u>476,771</u> | <u>1,766,981</u> | <u>16,355,616</u> |
| Total cash available | | | |
| Less: | | | |
| Current year expenditures | (214,084) | (965,956) | (11,971,753) |
| Permanent cash transfers | - | - | - |
| Prior period adjustment | - | - | - |
| Loans to other funds | - | - | (553,203) |
| | <u> </u> | <u> </u> | <u> </u> |
| Cash, June 30, 2019 | <u>\$ 262,687</u> | <u>\$ 801,025</u> | <u>\$ 3,830,660</u> |

The accompanying notes are an integral part of these financial statements

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
SCHEDULE OF JOINT POWERS AGREEMENTS
JUNE 30, 2019

Schedule IX

Title: Regional Education Cooperative Joint Powers Agreement

Participants: Tucumcari Public Schools and Regional Education Center #6

Responsible Party: Regional Education Cooperative #6's Governing Council

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

Dates of Operation: July 1, 2018 through June 30, 2019 during which either party may give Notice of Intent to Terminate pursuant to the agreement.

Projected Cost: Not to exceed \$195,289

Audit Responsibility: Tucumcari Public Schools and Regional Education Cooperative #6

Fiscal Agent: Tucumcari Public Schools and Regional Education Cooperative #6

Reporting Agency: Tucumcari Public Schools and Regional Education Cooperative #6

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

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
SCHEDULE OF JOINT POWERS AGREEMENTS
JUNE 30, 2019

Schedule IX

Title: Cost Sharing Construction Joint Powers Agreement

Participants: Tucumcari Public Schools, PSCOC, and PSFA

Responsible Party: Tucumcari Public Schools, PSCOC, and PSFA

Description: Ensure the physical condition of school facilities meets adequate level to promote safe, functional, and durable learning environment.

Dates of Operation: Ongoing but contingent on sufficient appropriations and authorizations being made by the legislature for performance of agreement.

Projected Cost: Cost of materials and labor, if any

Audit Responsibility: Tucumcari Public Schools, PSCOC, and PSFA

Fiscal Agent: Tucumcari Public Schools, PSCOC, and PSFA

Reporting Agency: Tucumcari Public Schools, PSCOC, and PSFA

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

(This page intentionally left blank.)

COMPLIANCE SECTION



Manning Accounting and Consulting Services, LLC

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

INDEPENDENT AUDITOR'S REPORT

Brian Colón
New Mexico State Auditor
The Office of Management and Budget
And the Board of Education of
Tucumcari Public Schools
Tucumcari, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, the aggregate remaining fund information, the budgetary comparisons of the general fund and major special revenue fund of the Tucumcari Public Schools (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 21, 2019.

Internal Control over Financial Reporting

In planning and performing our audit, 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items NM 2017-001, NM 2017-003, NM 2017-005, and NM 2018-001.

Response to Findings

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

Purpose of this Report

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

Manning Accounting and Consulting Services, LLC

Manning Accounting and Consulting Services, LLC

Kirtland, New Mexico

October 21, 2019

(This page intentionally left blank.)

FEDERAL FINANCIAL ASSISTANCE



Manning Accounting and Consulting Services, LLC

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

INDEPENDENT AUDITOR'S REPORT

Brian Colón, New Mexico State Auditor
The Office of Management and Budget
And the Board of Education of
Tucumcari Public Schools
Tucumcari, New Mexico

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Manning Accounting and Consulting Services, LLC

Manning Accounting and Consulting Services, LLC
Kirtland, New Mexico
October 21, 2019

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

| Federal Grantor or Pass-Through Grantor / Program Title | Passthrough Number | Federal CFDA Number | Federal Expenditures |
|---|-----------------------|------------------------|-------------------------|
| U.S. Department of Education | | | |
| <i>Passthrough State of New Mexico Public Education Department</i> | | | |
| Special Education Cluster (IDEA) | | | |
| IDEA B - Entitlement | 24106 | 84.027 | \$ 306,999 |
| New Mexico Autism Project | 24108 | 84.027 | 7,342 |
| IDEA-B Preschool | 24109 | 84.173 | 20,235 |
| IDEA-B Results Plan | 24132 | 84.027 | 21,919 |
| Total Special Education Cluster (IDEA) | | | <u>356,495</u> |
| Other Programs (Treated individually for major program determination) | | | |
| Carl D Perkins - Current | 24174 | 84.048 | 37,205 |
| Carl D Perkins - Secondary Redistribution | 24176 | 84.048 | 1,551 |
| Total Carl Perkins | | | <u>38,756</u> |
| Title I IASA | 24101 | 84.010 | 417,179 |
| Teacher / Principal Training & Recruiting | 24154 | 84.367 | 74,333 |
| Rural & Low-Income Schools | 24160 | 84.358 | 15,768 |
| Student Support and Academic Enrichment | 24189 | 84.424A | 27,147 |
| Total Other Programs | | | <u>573,183</u> |
| Total U.S. Department of Education | | | <u>929,678</u> |
| U.S. Department of Agriculture | | | |
| <i>Passthrough State of New Mexico Department of Education</i> | | | |
| Child Nutrition Cluster | | | |
| USDA School Breakfast Program (1) | 21000 | 10.553 | 157,574 |
| National School Lunch Program (1) | 21000 | 10.555 | 446,010 |
| Total Child Nutrition Cluster | | | <u>603,584</u> |
| <i>Subtotal - Passthrough State of New Mexico Department of Education</i> | | | <u>603,584</u> |
| <i>Passthrough State of New Mexico Human Services Department</i> | | | |
| Food Distribution (Commodities) | 21000 | 10.565 | 37,894 |
| <i>Subtotal - Passthrough State of New Mexico Human Services Department</i> | | | <u>37,894</u> |
| Total U.S. Department of Agriculture | | | <u>641,478</u> |
| Total Federal Financial Assistance | | | <u>\$ 1,571,156</u> |

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

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

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

2. Subrecipients

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

3. Non Cash Federal Assistance

The District receives USDA Commodities for use in sponsoring the National School Lunch and Breakfast programs. The value of commodities received for the year ended June 30, 2019 was \$37,894 and is reported in the Schedule of Expenditures of Federal Awards under the Department of Agriculture Commodities program, CFDA number 10.565. Commodities are recorded as revenues and expenditures in the food service fund.

4. Indirect Cost Rate

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Certain of the District's federal award programs have been charged with indirect costs, based upon a rate established by the State of New Mexico, and the District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance applied to overall expenditures. The District's indirect cost rate for the year was 4.52%.

5. Matching Costs

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

6. Insurance

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

7. Loan or Loan Guarantees

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

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

| | |
|--|---------------------------------|
| Total federal awards expended per Schedule of Expenditures of Federal Awards | \$ 1,571,156 |
| Total expenditures funded by other sources | <u>10,582,315</u> |
| Total expenditures | <u><u>\$ 12,153,471</u></u> |

(1) Denotes Major Federal Financial Assistance Program

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Section I – Summary of Audit Results

Financial Statements:

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

Federal Awards:

- | | |
|---|-----------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | None identified |
| b. Significant deficiencies identified not considered to be material weaknesses? | None identified |
| 2. Type of auditors’ report issued on compliance for major programs | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR-200.516(a)? | None noted |

4. Identification of major programs:

| CFDA Number | Federal Program |
|-------------------|-------------------------|
| 10.553 and 10.555 | Child Nutrition Cluster |

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

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule XI

Section II – Financial Statement Findings

None identified

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule XI

Section III – Federal Award Findings

None identified

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

NM 2017-001 [FS 2013-003] [2013-03] – Purchase Orders and Payment Authorization (Other Non-compliance) Repeated and Revised

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

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

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

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

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

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

- In 2 of 25 items tested goods and or services were purchased before the approval of a purchase order
 - An invoice of \$61.50 was dated 12/1/18 and the purchase order was authorized 12/5/18
 - An invoice of \$182.00 was dated 2/7/19 and the purchase order was authorized 2/7/19
- In 11 of 25 items tested there was no receiving documentation to verify goods and or services were received. The value of these goods and or services ranged from \$12.79 to \$667.60.

In the previous year’s audit related to activity disbursements we noted four instances in which goods and or services were purchased prior to the authorization of a purchase order, there was one instance of no invoice available to verify the quantity and price paid for goods and or services, and there were three instances in which there was no receiving documentation.

In the previous year’s audit related to individually significant disbursements there were ten instances in which there was no receiving documentation.

In the previous year’s audit related to review of single audit disbursements we noted seven instances in which no receiving documents existed to confirm receipt of goods and or services.

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

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule XI

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

NM 2017-001 [FS 2013-003] – Purchase Orders and Payment Authorization (Other Non-compliance) Repeated and Revised (Continued)

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

Auditor's Recommendation: We recommend that all personnel be reminded of, or trained in, District and state policy in regards to payment of goods, services, or construction. All District personnel need to be aware that a purchase order must be approved prior to the purchase of goods and services and that all goods and services should be signed for indicating when items were received and by whom.

Responsible Official's Plan:

- Specific corrective action plan for finding:

HS—A Mandatory staff meeting will be held for Staff In-Service prior to school starting to train both new and returning personnel in District and state policy in regards to payment of goods.

MS—The Secretary at the MS will make certain she does the Purchase Orders when given the requisitions. When the Office staff makes purchases someone other than the person making the purchase will count and sign the receipt

Elem—The person making the purchase will sign and date the receipt before turning it in

- Timeline for completion of corrective action plan:

HS—August 1, 2019

MS—August 1, 2019

Elem—August 1, 2019

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

HS—The HS Secretary

MS—The MS Secretary

Elem—The Elem Secretary

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

NM 2017-003 Improper Cash Receiving and Depositing (Other Non-compliance) Repeated and Revised

Criteria: NMAC 6.20.2.14 1978:

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

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

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

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

Condition: During our review of activity cash receipts we noted the following instances where proper procedures were not followed.

- In 1 of 25 items reviewed deposits were not deposited within 24 hours of receipt of the funds.
 - \$30.00 was received on 1/29/19 and was deposited on 1/31/19

In the previous year, there were 2 instances in which there was no receipt written and there were 11 instances in which deposits were not made within 24 hours of receipt.

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

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

Auditors' Recommendations: We recommend that the District emphasize the importance of timely deposits of receipts and monitor receipts more closely in order to be compliant with state statutes. The District should cross-train employees so that more than one individual is able to make deposits to ensure timely deposits are possible. Additionally, those individuals who supervise fundraising activities for the students should be trained in the procedures which are required to follow state and District policies.

Responsible Official's View:

- Specific corrective action plan for finding:

MS—The principal will have a staff meeting and remind the teachers to turn money in the day it is receipted

- Timeline for completion of corrective action plan:

August 1, 2019

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

Principal

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule XI

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

NM 2017-005 [2010-02] – Budgetary Controls (Other Non-compliance) Repeated

Criteria: According to 22-8-11 B. NMSA 1978:

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

Condition: The District did not have an approved budget for the 2018-2019 fiscal year for Pre-K Initiative. However, the District expended \$71,200 from this fund, \$59,543 in the Instruction function and \$11,657 in the Student Transportation function.

This condition existed in the prior year and will continue to exist as long as the District is given approval to spend these funds or until the State changes the way in which it records and budgets these funds as is described below.

This is not an oversight or an error on the part of the District as all other funds are budgeted and expended within the confines of the statute. The District is in a catch-22 and must violate the budgeting statute in order to expend the funds legally allocated to them.

In the prior year the District had the same issue as well as one expenditure in excess of budget of \$8 related to tax receipt collection fees.

Cause: The District did not obtain a budget from the Public Education Department even though the District received an award. The District received \$71,200 from the Public Education Department for this fund during the 2018-2019.

The District receives these funds from a Regional Education Cooperative (REC) which has been established by the State. However, these funds are budgeted at the REC and not at the District. The District has full rights to expend these funds and follow through on the program. The State does not want to show two separate entities budgeting and expending the same funds, so it only allows the REC to budget the funds but then distribute them to member districts where they are actually spent in accordance with the requirements of the fund. This finding cannot be corrected until the State changes how it allows districts to budget these funds from the REC.

Effect: The internal controls established by adherence to budgets have been compromised, and excess spending could, and did, result. In addition, New Mexico statutes have been violated. However, there is no way to administer the program and expend the funds allocated to the District without violating the statute. Until the State changes the method it accounts for these types of funds administered through an REC, the member districts will be in violation of the statute, and there is nothing they can do to avoid non-compliance.

Auditor's Recommendation: We recommend that the District continue to bring this to the attention of the State that its own requirements on how these funds are budgeted and expended from an REC will result in a finding for legally expending funds. This finding should exist for every district which expends these types of funds which are distributed through an REC.

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule XI

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

NM 2017-005 [2010-02] – Budgetary Controls (Other Non-compliance) Repeated

Responsible Official's Plan:

- Specific corrective action plan for finding:

The Business Manager has not been given a way to fix this issue in the past. Subsequent to year-end, the Public Education Department (PED) has finally agreed to provide the District with a budget for these funds, something it has refused to do since at least 2010. As such, a budget will now be entered in for the Pre-K Initiative.

- Timeline for completion of corrective action plan:

This will be changed in the current budget with PED providing the District a budget for these funds for the first time.

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

Business Manager

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

NM 2018-001 – Improper Reimbursement of Travel Expense (Other Non-compliance) Repeated and Revised

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

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

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

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

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

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

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

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

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

- In 2 of 25 items tested the District did not reimburse the employee the proper amount.
 - In both instances the employees were not paid \$12 in partial day per diem after an overnight trip. They were instead paid actuals.

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

- In 4 of 10 items tested the District did not reimburse the employee the proper amount.
 - Final day per diem was not paid to 4 employees returning from overnight travel. In 2 instances the employee should have been paid \$12 and in the other 2 instances the employee should have been \$20

In the prior year's audit there were 4 instances where the District did not reimburse an employee properly. In 1 instance the employee was not reimbursed according to the District mileage sheet, in the other 3 instances the employee was not paid the proper overnight reimbursement rate.

Cause: The District did not properly calculate the reimbursement rate for travel and per diem and meal expenses. The District has determined they will pay actuals on the final day of travel in place of the partial day per diem as it cuts down on total travel expenses while at the same time ensuring employees are reimbursed for all expenses.

Effect: The District did not fully reimburse one employee for qualified travel expenses while other employee was paid too much on their travel expenses. Employees were not reimbursed at the District and State mandated rates. There is no oversight of the superintendent's travel by the board.

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

NM 2018-001 – Improper Reimbursement of Travel Expense (Other Non-compliance) (Continued)

Auditor's Recommendation: We recommend that management ensure that they are reimbursing employees properly for qualified expenses and ensure that policies are consistent for all employees. The superintendent or an immediate supervisor must approve travel reimbursements for district employees. The school board should likewise approve the superintendent's travel reimbursement.

Responsible Official's View:

- Specific corrective action plan for finding:
Tucumcari Schools will not correct this finding. We are a rural school and when our employees go out of town they are allowed to do shopping and errands if needed. We will continue to pay by receipt not partial time amounts.
- Timeline for completion of corrective action plan:
NA
- Employee position(s) responsible for meeting the timeline:
NA

Auditor's Response: While the letter of the law has been changed to **require** partial day per diem on the last day of overnight travel instead of providing the **option** of continuing with actual reimbursements like the rest of travel on the trip, we believe that in most cases in our observation, this is not a wise use of District resources for rural agencies. Our own observations of testing travel when employees have provided receipts for the last day of travel for meals is that per diem costs the rural Districts more funds than paying actuals.

When employees travel from rural districts to Albuquerque, those employees normally stay in Albuquerque after the conference or training is over to do shopping, go to a movie, or go to some other form of entertainment as they are not able to do those things in their own towns. Boards and administrations don't want to mandate that the employees must leave immediately after their conference or training and return home without shopping or going to a show. They understand that there are disadvantages to living in rural New Mexico, and they don't want to deprive their employees of a little bit of opportunity by mandating immediate return. By allowing employees to enjoy a few of the benefits of Albuquerque, or Santa Fe, or Las Cruces when they are traveling they know paying per diem requires a \$30 payment for 12 hours or more, which is common in this situation for last day travel; however, actuals are never going to exceed \$30 and most times are less than \$30. As such, these Districts believe it is a win-win for them and their employees – the employees get to enjoy some big city life and the district pays out less funds.

We will continue to write findings according to the letter of the law, but we also believe, as auditors, that this is a statute that needs to be looked at to provide the option to agencies to allow them to pay actuals throughout the travel to take into consideration reality in rural New Mexico.

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule XI

Section V – Prior Year Audit Finding

Financial Statement Findings

None

Federal Awards Findings

FA 2018-001 – Procurement and Suspension and Debarment – Resolved

Section 12-6-5 NMSA Findings

NM 2017-001 [FS 2013-003] [2013-03] – Purchase Orders and Payment Authorization – Repeated and Revised

NM 2017-003 [FS 2014-005] – Improper Cash Receiving and Depositing – Repeated and Revised

NM 2017-005 [2010-02] – Budgetary Controls – Repeated and Revised

NM 2018-001 – Improper Reimbursement of Travel Expenses – Repeated and Revised

(This page intentionally left blank.)

UNAUDITED SUPPLEMENTAL INFORMATION



Tucumcari Public Schools

700 W Amarosa • P.O. Box 1046
Tucumcari, New Mexico 88401

Ph. 575.461.3910
Fax 575.461.3554

To: Federal Audit Clearinghouse

RE: Summary Schedule of Prior Audit Findings
Corrective Action Plan for Current Year Audit Findings

Repeat and New Findings for 2017

Repeat Findings and are now listed as NM findings for 2017

NM 2017-001 Was FS 2013-003—Purchase Orders and Payment Authorization

Activity accounts at the schools continue to not have PO's in place before purchases are made. Receiving documentation was not attached to payments.

The principals and the secretaries at the schools are made aware of the people who are causing the problems with making purchases without a PO. The secretaries at the schools are not the ones creating the problems; it is the sponsors of the different activities. The principals are the ones in charge of the activity accounts and at the beginning of every year the principals are asked to make sure their sponsors have training on how to operate their activities. Until the people doing the infractions are made accountable for their purchases this will continue. The secretaries are instructed each year as to what is supposed to be attached to payments. If a packing slip is not included then they are supposed to make a copy of the PO and write what was received and sign and date. This should be corrected before the end of the school year 17/18.

NM 2017-002 Was FS 2014-003—Background Checks and Licensing

No Background Check

The previous year there were three files with no background check. Those were resolved. This year's audit had two more files pulled with no background check. The previous Admin Assistant to the superintendent, neglected to review all files. She is no longer with the district and the new Admin Assist is aware of the problem and is working on reviewing all files for all information, background checks, license, etc. She is creating a Table of Contents for all files to be set up alike in hopes that all information will be collected and maintained.

NM 2017-003 Was FS 2014-005—Improper Cash Receiving and Depositing

Money not being deposited within 24 hours and no receipts being issued Secretaries at the schools have been instructed along with their principals to

have money deposited within 24 hours whether the secretaries do it or their back up. NO excuses. It is the principal's job to make sure their teachers are turning money in timely to the secretaries when fundraising. This process is addressed at the beginning of every year with the secretaries and principals.

Receipts not issued

Three part receipts are available to the secretaries for their staff to use for their fundraising. At the beginning of every school year the schools are made aware that it is their job to make sure receipts are given and attached to deposits.

NM 2017-004—Failure to Award Statutory Preference

The scoring for a bid did not include the resident contractor's points that are granted by New Mexico.

The Chief Procurement Officer has created a checklist to be used for all bids beginning with the 17/18 school year. This checklist will be referenced for each bid so all points are awarded.

NM 2017-005 Was 2010-02—Budgetary Controls

Tucumcari Schools does not have Budget authority for the Pre School grant used as it is funded through the REC. This finding continues to be brought to the States attention at every Quarterly Report stating that this is budgeted for information purposes only.

We are funded through the REC which has permission to budget the dollars but Tucumcari Schools spends the money and asks for reimbursement from the REC. Tucumcari has to have a budget showing expenditures to be reimbursed and because of that the Business Manager has no other option than to put the information in the Visions accounting to keep up with reimbursements and expenses. This is not a finding the school can correct. The finding must be addressed by the State before it can be fixed.

Federal Award Findings for 2017

FA 2017-001—Improper Cost Allocation

Money spent for audit did not match the quote on the bid.

The audit bid allocated 2,500.00 for the cost of the Federal Single Audit. When the PO's were done for the year that amount was not put in for Title 1. The PO for the audit payment has been adjusted by the Business Mgr. to reflect the amount charged to Title 1 and for other federal single audits at \$2,500.00.

Schedule of Findings and Questioned Cost for year ended June 30, 2018

RESOLVED

**NM 2017-002 Was FS 2014-003—Background Checks and Licensing
NM 2017-004—Failure to Award Statutory Preference**

Repeat and New Findings for 2018

NM 2017-001 Was FS 2013-003—Purchase Orders and Payment Authorization

Activity accounts at the schools continue to not have PO's in place before purchases are made. Receiving documentation was not attached to payments. Cafeteria Staff not signing off on receipt of goods. Cross training is a priority for the HS office staff. Teachers and staff will continue to be trained on proper procedures. Cafeteria Staff trained on proper procedures. A Friday in Oct of 2018 is going to be training for the secretarial staff. The Cafeteria staff has been signing receipts.

NM 2017-003 Was FS 2014-005—Improper Cash Receiving and Depositing

Money is not being deposited in the bank at the HS within 24 hours because the sponsors of the activity accounts are not turning the money in timely. This is addressed every year at the beginning of the school year.

NM 2017-005 Was 2010-02—Budgetary Controls

Tucumcari Schools does not have Budget authority for the Pre School grant used as it is funded through the REC. This finding continues to be brought to the States attention at every Quarterly Report stating that this is budgeted for information purposes only. We are funded through the REC which has permission to budget the dollars but Tucumcari Schools spends the money and asks for reimbursement from the REC. Tucumcari has to have a budget showing expenditures to be reimbursed and because of that the Business Manager has no other option than to put the information in the Visions accounting to keep up with reimbursements and expenses. This is not a finding the school can correct. The finding must be addressed by the State before it can be fixed.

NM 2018-001—Improper Reimbursement of Travel Expense

The District did not properly calculate the reimbursement rate for travel and periderm and meal expenses. The Superintendent will request permission at the June Board meetings to be approved for reimbursement of mileage when he has to use his own vehicle. The calculations for the reimbursements of travel will be highlighted and the Business Mgr will review the dollar amounts. The

reimbursement for actual payment over the 24 hours will continue to be done as the district has always done because of the rural proximity to shopping.

Federal Award Findings for 2018

RESOLVED

FA 2017-001—Improper Cost Allocation

No Repeated Federal Findings for 2018

New FA Findings for 2018

FA 2018-001—Procurement and Suspension and Debarment

The CPO did not verify that vendors which meet the \$25,000.00 thresholds are not suspended, debarred, or otherwise excluded from participating in contracts. The proper paperwork will be sent with all contracts as of July 1, 2018.

Schedule of Findings and Questioned Cost for year ended June 30, 2019

Repeat and New Findings for 2019

NM 2017-001 Was FS 2013-003—Purchase Orders and Payment Authorization

The Cafeteria Staff has made a great improvement by having all of their receipts signed. Cross training is a priority for the HS office staff. Teachers and staff will continue to be trained on proper procedures. The MS secretary will do requisition's on receipt of them instead of waiting. Both the MS and Elem will stress the need to sign all receipts and someone other than the person making the purchase will count the money and sign the receipts.

NM 2017-003 Was FS 2014-005—Improper Cash Receiving and Depositing

The MS will have a staff meeting and remind the teachers to turn money in the day it is receipted. There should be no lag time.

NM 2017-005 Was 2010-02—Budgetary Controls

Tucumcari Schools does not have Budget authority for the Pre School grant used as it is funded through the REC. This finding continues to be brought to the States attention at every Quarterly Report stating that this is budgeted for information purposes only.

Beginning in the 19/20 school year a fund has been created by PED to use -26107- for REC receipts. We will be able to budget showing expenditures correctly.

NM 2018-001—Improper Reimbursement of Travel Expense

The problem with the Supt using his own vehicle has been corrected.

The reimbursement for actual payment over the 24 hours will continue to be done as the district has always done because of the rural proximity to shopping. We will pay by receipt not partial time amounts.

RESOLVED

FA 2018-001—Procurement and Suspension and Debarment

STATE OF NEW MEXICO
TUCUMCARI PUBLIC SCHOOLS
OTHER DISCLOSURES
FOR THE YEAR ENDED JUNE 30, 2019

Auditor Prepared Financial Statements

Manning Accounting and Consulting Services, LLC prepared the GAAP-basis financial statements and footnotes of Tucumcari Public Schools from the original books and records provided to them by the management of the District. The District's management has reviewed and approved the financial statements and related notes and they believe that their records adequately support the financial statements. The responsibility for the financial statements remains with the District.

Exit Conference

The contents of this report were discussed on October 21, 2019. The following individuals were in attendance.

Tucumcari Public Schools

David Johnson – Assistant Superintendent
Corinne Hayes – Board Secretary
Leif Gray – Board Member
Leola Patterson – Business Manager
Janet Sanchez – Assistant Business Manager

Manning Accounting and Consulting Services, LLC

Byron R. Manning, CPA, Managing Partner
Chris Manning, Staff Accountant