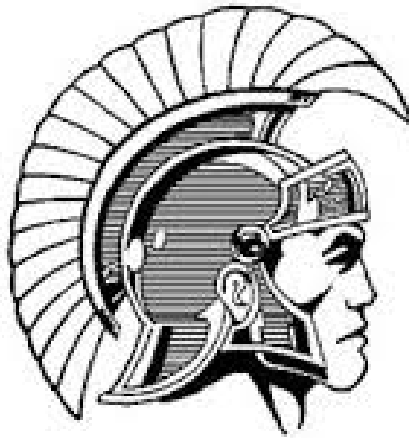


STATE OF NEW MEXICO  
WAGON MOUND PUBLIC SCHOOLS

TROJANS



ANNUAL FINANCIAL REPORT

JUNE 30, 2019

(This page intentionally left blank.)

## **INTRODUCTORY SECTION**

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

	<u>Exhibit</u>	<u>Page</u>
<b>INTRODUCTORY SECTION</b>		
Table of Contents		1
Official Roster		3
 <b>FINANCIAL SECTION</b>		
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
Statement of Fiduciary Net Position – Library Private Purpose Trust Fund	D-1	18
Statement of Changes in Fiduciary Net Position – Library Private Purpose Trust	D-2	19
Statement of Fiduciary Assets and Liabilities – Agency Funds	D-3	20
Notes to the Financial Statements		21
 <b>REQUIRED SUPPLEMENTARY INFORMATION</b>		
	<u>Schedule</u>	<u>Page</u>
Schedule of Proportionate Share of the Net Pension Liability	I	51
Schedule of Pension Contributions	II	52
Notes to Required Supplementary Information – Pensions		53
Schedule of Proportionate Share of the Net OPEB Liability	III	54
Schedule of OPEB Contributions	IV	55
Notes to Required Supplementary Information – OPEB		56
 <b>SUPPLEMENTARY INFORMATION</b>		
	<u>Statement</u>	<u>Page</u>
Combining and Individual Fund Statements and Schedules		
Combining Balance Sheet – Nonmajor Governmental Funds	A-1	57
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	A-2	58
Special Revenue Funds Descriptions		59
Combining Balance Sheet – Nonmajor Special Revenue Funds	B-1	61
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds	B-2	66

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

<b>SUPPLEMENTARY INFORMATION (Continued)</b>	<u>Statement</u>	<u>Page</u>
Capital Projects Funds Descriptions		71
Combining Balance Sheet – Nonmajor Capital Projects Funds	C-1	72
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Funds	C-2	74
Debt Service Funds Descriptions		76
Combining Balance Sheet – Nonmajor Debt Service Funds	D-1	77
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Debt Service Funds	D-2	78
 <b>OTHER SUPPLEMENTAL INFORMATION</b>		
	<u>Schedule</u>	<u>Page</u>
Schedule of Changes in Fiduciary Assets and Liabilities – Agency Funds	V	79
Schedule of Pledged Collateral	VI	80
Schedule of Cash and Temporary Investment Accounts	VII	81
Schedule of Cash Reconciliations	VIII	82
Schedule of Joint Powers Agreements	IX	87
 <b>COMPLIANCE SECTION</b>		
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>		88
Schedule of Findings and Responses	X	90
 <b>OTHER DISCLOSURES</b>		108

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

<u><b>Name</b></u>		<u><b>Title</b></u>
	<u><b>School Board</b></u>	
Thomas Herrera		President
Tony Rubin		Vice-President
Sonia Cruz-Olguin		Secretary
Andres Martinez		Member
Eldie Cruz		Member
	<u><b>District Officials</b></u>	
Anita Romero		Superintendent
Teresa Casias		Business Manager

(This page intentionally left blank.)

**FINANCIAL SECTION**





## INDEPENDENT AUDITOR'S REPORT

Brian Colón, New Mexico State Auditor  
The Office of Management and Budget  
And the Board of Education of  
Wagon Mound Public Schools  
Wagon Mound, 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 fund of Wagon Mound 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, each major fund, and the aggregate remaining fund information of the District as of June 30, 2019, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and the major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

Accounting principles generally accepted in the United States of America requires the Schedules I through IV and the notes to the Required Supplementary Information on pages 51 through 56 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 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.

Schedules V through IX on pages 79 through 87 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, Schedules V through IX required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2019 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Manning Accounting and Consulting Services, LLC*

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

(This page intentionally left blank.)

**BASIC FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO**  
**WAGON MOUND PUBLIC SCHOOLS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

Exhibit A-1

	<u><b>Governmental Activities</b></u>
<b>ASSETS</b>	
<i>Current Assets</i>	
Cash and temporary investments	\$ 357,067
Receivables (net of allowance for uncollectibles)	169,187
Inventory	1,120
<i>Total current assets</i>	<u>527,374</u>
<i>Noncurrent assets</i>	
Restricted cash	12,074
Capital assets (net of accumulated depreciation):	
Land and land improvements	873,087
Buildings and building improvements	10,206,129
Furniture, fixtures and equipment	707,261
Less: accumulated depreciation	<u>(8,075,772)</u>
<i>Total noncurrent assets</i>	<u>3,722,779</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows - pensions	1,335,452
Deferred outflows - other post-employment benefits	28,733
<i>Total deferred outflows</i>	<u>1,364,185</u>
<i>Total assets and deferred outflows of resources</i>	<u>\$ 5,614,338</u>
<b>LIABILITIES</b>	
<i>Current liabilities</i>	
Accounts payable	\$ 11,361
Accrued payroll liabilities	197,629
Accrued interest payable	5,546
Unearned revenue	160
Current maturities of:	
Bonds payable	90,000
Compensated absences	10,624
<i>Total current liabilities</i>	<u>315,320</u>
<i>Noncurrent liabilities:</i>	
Bonds payable	710,000
Compensated absences	9,977
Net pension liability	5,276,184
Net other post-employment benefits liability	1,256,675
<i>Total noncurrent liabilities</i>	<u>7,252,836</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows - pensions	103,937
Deferred inflows - other post-employment benefits	324,702
<i>Total deferred inflows</i>	<u>428,639</u>
<b>NET POSITION</b>	
Invested in capital assets	2,910,705
Restricted for:	
Debt service	23,046
Capital projects	209,758
Other purposes - special revenue	19,216
Unrestricted	<u>(5,545,182)</u>
<i>Total net position</i>	<u>(2,382,457)</u>
<i>Total liabilities, deferred inflows of resources, and net position</i>	<u>\$ 5,614,338</u>

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

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

Exhibit A-2

<u>Functions/Programs</u>	<b>Program Revenues</b>				<b>Net (Expenses) Revenues and Changes in Net Position</b>	
<b>Expenses</b>	<b>Charges for Service</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Net (Expenses) Revenues and Changes in Net Position</b>		
<b>Primary Government</b>						
Governmental activities:						
Instruction	\$ 1,453,516	\$ 16,456	\$ 171,500	\$ -	\$ (1,265,560)	
Support services:						
Students	153,545	-	-	-	(153,545)	
Instruction	27,485	-	-	-	(27,485)	
General administration	288,225	-	-	-	(288,225)	
School administration	202,876	-	-	-	(202,876)	
Other	1,605	-	-	-	(1,605)	
Central services	215,130	13,551	-	-	(201,579)	
Operation & maintenance of plant	304,785	-	800	35,509	(268,476)	
Student transportation	134,461	-	112,739	-	(21,722)	
Food services operations	145,013	4,780	74,477	-	(65,756)	
Community services	-	-	-	-	-	
Interest on long-term debt	29,973	-	-	-	(29,973)	
Facilities materials, supplies, & other services	521,007	-	-	-	(521,007)	
Total Primary Government	\$ 3,477,621	\$ 34,787	\$ 359,516	\$ 35,509	(3,047,809)	
<b>General Revenues:</b>						
Property taxes:						
Levied for general purposes						14,863
Levied for debt service						107,408
Levied for capital projects						68,739
State Equalization Guarantee						1,185,482
Emergency supplemental						285,000
Loss on disposal of fixed assets						-
Miscellaneous						323,624
Total general revenues						1,985,116
Change in net position						(1,062,693)
Net position - beginning of year						(1,319,764)
Net position - end of year						\$ (2,382,457)

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

**STATE OF NEW MEXICO**  
**WAGON MOUND PUBLIC SCHOOLS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

Exhibit B-1

	General Fund			Special Revenue
	Operational 11000	Transportation 13000	Instructional Materials 14000	Title I IASA 24101
<b>ASSETS</b>				
<i>Current assets:</i>				
Cash and temporary investments	\$ 103,423	\$ 13,878	\$ 1,241	\$ -
Accounts receivable				
Taxes	1,330	-	-	-
Due from other governments	-	-	-	66,858
Interfund receivables	140,433	-	-	-
Inventory	-	-	-	-
	<u>245,186</u>	<u>13,878</u>	<u>1,241</u>	<u>66,858</u>
<i>Total assets</i>				
<b>LIABILITIES</b>				
<i>Current liabilities:</i>				
Accounts payable	6,120	1,472	-	-
Accrued payroll liabilities	167,948	8,657	-	13,429
Interfund payables	-	-	-	54,475
Unearned revenue	-	-	-	-
	<u>174,068</u>	<u>10,129</u>	<u>-</u>	<u>67,904</u>
<i>Total liabilities</i>				
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - property taxes	1,003	-	-	-
	<u>1,003</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total deferred inflows of resources</i>				
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted for:				
Transportation	-	3,749	-	-
Instructional materials	-	-	1,241	-
Grant mandates	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	70,115	-	-	-
Unassigned	-	-	-	(1,046)
	<u>70,115</u>	<u>3,749</u>	<u>1,241</u>	<u>(1,046)</u>
<i>Total fund balances</i>				
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 245,186</u>	<u>\$ 13,878</u>	<u>\$ 1,241</u>	<u>\$ 66,858</u>

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

**STATE OF NEW MEXICO**  
**WAGON MOUND PUBLIC SCHOOLS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2019**

Exhibit B-1

	<u>Capital Projects</u>		
	<u>Capital</u>	<u>Other</u>	<u>Total</u>
	<u>Improvements</u>	<u>Governmental</u>	<u>Primary</u>
	<u>SB-9 (Local)</u>	<u>Funds</u>	<u>Government</u>
	<u>31701</u>	<u></u>	<u></u>
<b>ASSETS</b>			
<i>Current assets:</i>			
Cash and temporary investments	\$ 122,023	\$ 128,576	\$ 369,141
Accounts receivable			
Taxes	1,719	15,744	18,793
Due from other governments	-	83,536	150,394
Interfund receivables	-	-	140,433
Inventory	-	1,120	1,120
	123,742	228,976	679,881
<i>Total assets</i>			
<b>LIABILITIES</b>			
<i>Current liabilities:</i>			
Accounts payable	3,769	-	11,361
Accrued payroll liabilities	-	7,595	197,629
Interfund payables	-	85,958	140,433
Unearned revenue	-	160	160
	3,769	93,713	349,583
<i>Total liabilities</i>			
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues - property taxes	-	12,824	13,827
	-	12,824	13,827
<i>Total deferred inflows of resources</i>			
<b>FUND BALANCES</b>			
Nonspendable	-	1,120	1,120
Restricted for:			
Transportation	-		3,749
Instructional materials	-		1,241
Grant mandates	-	7,722	7,722
Capital projects	-	63,197	63,197
Debt service	-	8,704	8,704
Assigned	119,973	54,738	244,826
Unassigned	-	(13,042)	(14,088)
	119,973	122,439	316,471
<i>Total fund balances</i>			
<i>Total liabilities, deferred inflows of resources, and fund balances</i>			
	\$ 123,742	\$ 228,976	\$ 679,881

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



**STATE OF NEW MEXICO**  
**WAGON MOUND 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	\$ 316,471
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
The cost of capital assets is	11,786,477
Accumulated depreciation is	(8,075,772)
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	13,827
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	1,335,452
Deferred outflows of resources - other post-employment benefits	28,733.00
Deferred inflows of resources - pensions	(103,937)
Deferred inflows of resources - other post-employment benefits	(324,702)
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	(5,546)
Bonds payable	(800,000)
Accrued compensated absences	(20,601)
Net pension liability	(5,276,184)
Net other post-employment benefits liability	(1,256,675)
Total net position - governmental activities	\$ (2,382,457)

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

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

	General Fund			Special Revenue
	Operational 11000	Transportation 13000	Instructional Materials 14000	Title I IASA 24101
<i>Revenues:</i>				
Property taxes	\$ 14,887	\$ -	\$ -	\$ -
State grants	1,755,482	112,739	2,274	-
Federal grants	26,165	-	-	109,635
Miscellaneous	4,322	-	-	-
Charges for services	22,774	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>1,823,630</u>	<u>112,739</u>	<u>2,274</u>	<u>109,635</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	863,935	-	2,173	84,006
Support services				
Students	108,367	-	-	-
Instruction	17,385	-	-	-
General administration	207,942	-	-	8,195
School administration	124,233	-	-	18,338
Central services	158,809	-	-	-
Operation & maintenance of plant	261,384	-	-	-
Student transportation	-	114,193	-	-
Other support services	1,605	-	-	-
Food services operations	58,002	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,801,662</u>	<u>114,193</u>	<u>2,173</u>	<u>110,539</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>21,968</u>	<u>(1,454)</u>	<u>101</u>	<u>(904)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	<u>(109,428)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total other financing sources (uses)</i>	<u>(109,428)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	(87,460)	(1,454)	101	(904)
<i>Fund balances - beginning of year</i>	<u>157,575</u>	<u>5,203</u>	<u>1,140</u>	<u>(142)</u>
<i>Fund balances - end of year</i>	<u>\$ 70,115</u>	<u>\$ 3,749</u>	<u>\$ 1,241</u>	<u>\$ (1,046)</u>

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

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

	<u>Capital Projects</u>		<u>Total Primary Government</u>
	<u>Capital Improvements SB-9 (Local) 31701</u>	<u>Other Governmental Funds</u>	
<i>Revenues:</i>			
Property taxes	\$ 68,887	\$ 107,715	\$ 191,489
State grants	-	124,972	1,995,467
Federal grants	-	52,277	188,077
Miscellaneous	-	1,265	5,587
Charges for services	-	12,013	34,787
Investment income	-	-	-
<i>Total revenues</i>	<u>68,887</u>	<u>298,242</u>	<u>2,415,407</u>
<i>Expenditures:</i>			
Current:			
Instruction	-	70,293	1,020,407
Support services			
Students	-	3,137	111,504
Instruction	-	3,111	20,496
General administration	674	10,488	227,299
School administration	-	249	142,820
Central services	-	-	158,809
Operation & maintenance of plant	-	-	261,384
Student transportation	-	-	114,193
Other support services	-	-	1,605
Food services operations	-	78,143	136,145
Community services	-	-	-
Capital outlay	83,211	32,887	116,098
Debt service			
Principal	-	80,000	80,000
Interest	-	29,973	29,973
<i>Total expenditures</i>	<u>83,885</u>	<u>308,281</u>	<u>2,420,733</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(14,998)</u>	<u>(10,039)</u>	<u>(5,326)</u>
<i>Other financing sources (uses):</i>			
Operating transfers	-	109,428	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>109,428</u>	<u>-</u>
<i>Net changes in fund balances</i>	(14,998)	99,389	(5,326)
<i>Fund balances - beginning of year</i>	<u>134,971</u>	<u>23,050</u>	<u>321,797</u>
<i>Fund balances - end of year</i>	<u>\$ 119,973</u>	<u>\$ 122,439</u>	<u>\$ 316,471</u>

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

**STATE OF NEW MEXICO**  
**WAGON MOUND 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**

Exhibit B-4

	Governmental Funds
Amounts reported for governmental activities in the Statement of Activities are different because:	
Net change in fund balances - total governmental funds	\$ (5,326)
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	(466,072)
Capital outlays	46,456
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	(479)
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	464
Accrued compensated absences	215
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	80,000
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.	
Difference between prior year pension contributions per entity and amount reported in the pension report	
Pension contributions - current year	163,396
Pension expense	(905,078)
Other post-employment benefits contributions - current year	23,224
Other post-employment benefits income	507
Change in net position - total governmental activities	\$ (1,062,693)

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

**STATE OF NEW MEXICO**  
**WAGON MOUND 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**

Exhibit C-1

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ 14,719	\$ 14,719	\$ 14,606	\$ (113)
State grants	1,906,379	1,917,580	1,755,482	(162,098)
Federal grants	10,180	10,180	26,165	15,985
Miscellaneous	900	900	17,367	16,467
Charges for services	750	750	22,774	22,024
Interest	-	-	-	-
<i>Total revenues</i>	<u>1,932,928</u>	<u>1,944,129</u>	<u>1,836,394</u>	<u>(107,735)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	958,987	1,002,986	884,908	118,078
Support services				
Students	137,353	151,605	108,367	43,238
Instruction	18,476	27,975	17,385	10,590
General administration	255,022	260,057	209,216	50,841
School administration	132,397	125,216	124,233	983
Central services	148,070	168,545	158,809	9,736
Operation & maintenance of plant	278,279	288,108	261,520	26,588
Student transportation	-	-	-	-
Other support services	2,123	3,728	1,605	2,123
Food services operations	64,168	65,569	58,002	7,567
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>1,994,875</u>	<u>2,093,789</u>	<u>1,824,045</u>	<u>269,744</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(61,947)</u>	<u>(149,660)</u>	<u>12,349</u>	<u>162,009</u>
<i>Other financing sources (uses):</i>				
Designated cash	61,947	149,660	-	(149,660)
Operating transfers	-	-	(109,428)	(109,428)
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>61,947</u>	<u>149,660</u>	<u>(109,428)</u>	<u>(259,088)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(97,079)</u>	<u>(97,079)</u>
<i>Cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>340,935</u>	<u>340,935</u>
Prior period adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>340,935</u>	<u>340,935</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 243,856</u>	<u>\$ 243,856</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ (97,079)	
Adjustments to revenues			(12,764)	
Adjustments to expenditures			22,383	
Net change in fund balance (GAAP basis)			<u>\$ (87,460)</u>	

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

**STATE OF NEW MEXICO**  
**WAGON MOUND 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	112,548	112,649	112,739	90
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>112,548</u>	<u>112,649</u>	<u>112,739</u>	<u>90</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	-	-	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	112,548	115,251	115,582	(331)
Other support services	-	-	-	-
Food services operations	-	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>112,548</u>	<u>115,251</u>	<u>115,582</u>	<u>(331)</u>
<i>Excess (deficiency) of revenues</i>				
<i>over (under) expenditures</i>	<u>-</u>	<u>(2,602)</u>	<u>(2,843)</u>	<u>(241)</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	2,602	-	(2,602)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>2,602</u>	<u>-</u>	<u>(2,602)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(2,843)</u>	<u>(2,843)</u>
<i>Cash or fund balance - beginning of year</i>	-	-	16,721	16,721
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>16,721</u>	<u>16,721</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,878</u>	<u>\$ 13,878</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ (2,843)	
Adjustments to revenues			-	
Adjustments to expenditures			1,389	
Net change in fund balance (GAAP basis)			<u>\$ (1,454)</u>	

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

**STATE OF NEW MEXICO**  
**WAGON MOUND 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**

	Budgeted Amounts		Actual	Variance
	Original Budget	Final Budget		
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	2,274	2,274	2,274	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>2,274</u>	<u>2,274</u>	<u>2,274</u>	<u>-</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	2,274	3,414	2,173	1,241
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>2,274</u>	<u>3,414</u>	<u>2,173</u>	<u>1,241</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(1,140)</u>	<u>101</u>	<u>1,241</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	1,140	-	(1,140)
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>1,140</u>	<u>-</u>	<u>(1,140)</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>101</u>	<u>101</u>
<i>Cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,140</u>	<u>1,140</u>
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,140</u>	<u>1,140</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,241</u>	<u>\$ 1,241</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ 101	
Adjustments to revenues			-	
Adjustments to expenditures			-	
Net change in fund balance (GAAP basis)			<u>\$ 101</u>	

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

**STATE OF NEW MEXICO**  
**WAGON MOUND 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	117,727	117,727	97,147	(20,580)
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
<i>Total revenues</i>	<u>117,727</u>	<u>117,727</u>	<u>97,147</u>	<u>(20,580)</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	90,475	90,475	81,407	9,068
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	8,719	8,719	8,195	524
School administration	18,533	18,533	18,338	195
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>117,727</u>	<u>117,727</u>	<u>107,940</u>	<u>9,787</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(10,793)</u>	<u>(10,793)</u>
<i>Other financing sources (uses):</i>				
Designated cash	-	-	-	-
Operating transfers	-	-	-	-
Proceeds from bond issues	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net change in fund balance</i>	<u>-</u>	<u>-</u>	<u>(10,793)</u>	<u>(10,793)</u>
<i>Cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(43,682)</u>	<u>(43,682)</u>
Prior period adjustments	-	-	-	-
<i>Adjusted cash or fund balance - beginning of year</i>	<u>-</u>	<u>-</u>	<u>(43,682)</u>	<u>(43,682)</u>
<i>Cash or fund balance - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (54,475)</u>	<u>\$ (54,475)</u>
<i>Reconciliation to GAAP basis:</i>				
Net change in fund balance (cash basis)			\$ (10,793)	
Adjustments to revenues			12,488	
Adjustments to expenditures			(2,599)	
Net change in fund balance (GAAP basis)			<u>\$ (904)</u>	

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



**STATE OF NEW MEXICO**  
WAGON MOUND PUBLIC SCHOOLS  
STATEMENT OF FIDUCIARY NET POSITION  
LIBRARY PRIVATE PURPOSE TRUST FUND  
JUNE 30, 2019

Exhibit D-1

	<u>Agency Funds</u>
<b>ASSETS</b>	
<i>Current assets:</i>	
Restricted investments	\$ 12,359
<i>Total assets</i>	<u>\$ 12,359</u>
 <b>LIABILITIES</b>	
<i>Current liabilities:</i>	
Deposits held in trust for others	\$ 12,359
<i>Total liabilities</i>	<u>\$ 12,359</u>

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

**STATE OF NEW MEXICO**  
**WAGON MOUND PUBLIC SCHOOLS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**LIBRARY PRIVATE PURPOSE TRUST FUND**  
**FOR THE YEAR ENDING JUNE 30, 2019**

Description	Balance June 30, 2018	Additions	Deletions	Adjustments	Balance June 30, 2019
Private Purpose Trust Fund	\$ 16,019	-	\$ 3,660	-	\$ 12,359
	<u>\$ 16,019</u>	<u>\$ -</u>	<u>\$ 3,660</u>	<u>\$ -</u>	<u>\$ 12,359</u>

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

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

Exhibit D-3

	<u>Agency Funds</u>
<b>ASSETS</b>	
<i>Current Assets</i>	
Cash	\$ 39,419
<i>Total assets</i>	<u>\$ 39,419</u>
 <b>LIABILITIES</b>	
<i>Current Liabilities</i>	
Deposits held in trust for others	\$ 39,419
<i>Total liabilities</i>	<u>\$ 39,419</u>

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

(This page intentionally left blank.)

**STATE OF NEW MEXICO**  
**WAGON MOUND PUBLIC SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 1      Summary of Significant Accounting Policies**

Wagon Mound Public Schools, (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. Earlier application is encouraged.

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**  
**WAGON MOUND 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**  
**WAGON MOUND 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)*

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

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

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

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

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

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

The *Title I IASA Special Revenue Fund* (24101) is used for major objectives are to provide supplemental educational opportunity for academically disadvantaged children in the area 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 *Capital Improvements SB-9 (Local) Capital Projects Fund* (31701) accounts for funding 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**  
**WAGON MOUND 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)*

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.

The District receives monthly income from a tax levy in Mora 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 Mora 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.

**STATE OF NEW MEXICO  
WAGON MOUND 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)*

**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. 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:

Buildings	40-50 years
Building improvements	20 years
Land improvements	10-20 years
Vehicles	5-7 years
Furniture and equipment	5 years
Computer equipment	3-5 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 \$163,396 made by the District in the current fiscal year are thus applicable to a future reporting period where they will then be expensed. As such, they are presented in the Statement of Net Position as a deferred outflow of resources in the current period. The District has four other deferred outflows which arise due to the implementation of GASB 68; change in proportion \$69,129; change in assumptions \$1,087,396; investment experience \$11,680; and actuarial experience \$3,851.

**Deferred Outflows of Resources – OPEB:** The government-wide financial statements report other post-employment benefits 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 \$23,224 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 \$5,509; and change in assumptions, investment experience, and actuarial experiences which have no balances in the current year.

**STATE OF NEW MEXICO**  
**WAGON MOUND 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)*

**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 \$160 of unearned revenues.

**Compensated Absences:** Qualified employees are entitled to accumulate annual leave up to 20 days per fiscal year. All earned vacation must be taken within one year after it is earned. Upon termination, employees will be paid for up to 20 days of accrued annual leave. Sick pay does not vest and is recorded as an expenditure when it is paid. 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. Total compensated absences were \$20,601 at June 30, 2019. 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, 2004, bond premiums and discounts, will be deferred and amortized over the life of the bonds using the effective interest method and 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. Bonds payable of \$800,000 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.

**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 \$5,276,184.

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

**STATE OF NEW MEXICO**  
**WAGON MOUND 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 Other Post-Employment Benefits:** 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 \$1,256,675.

**Deferred Inflows of Resources – Unavailable Revenues:** Governmental funds report unavailable revenues in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Revenues not received within sixty (60) days of year-end are not considered available; therefore, a receivable is recorded for the amount due and a corresponding deferred revenue, is recorded as well. Total unavailable revenues of \$13,827 for property taxes were recorded at June 30, 2019.

**Deferred Inflows of Resources – Pensions:** Changes in actuarial experience \$100,414 and change in proportion \$3,523 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.

**Deferred Inflows of Resources – OPEB:** Change in actuarial experience \$74,403, change in assumptions \$234,616, and investment experience \$15,683 for the District are applicable to a future reporting period and will be expensed over an established period beginning in the next fiscal year. As such, these amounts are presented in the Statement of Net Position as deferred inflows of resources in the current period.

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

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

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

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

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

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

**STATE OF NEW MEXICO**  
**WAGON MOUND 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 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.

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

**State Equalization Guarantee:** School districts in the State of New Mexico receive a 'state equalization guarantee distribution' which is defined as "that amount of money distributed to each school district to insure that the school district's operating revenue, including its local and federal revenues as defined in Chapter 22, Section 825, NMSA 1978 is at least equal to the District's program cost. A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education; 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District receive \$1,755,482 in state equalization guarantee and emergency supplemental distributions during the year ended June 30, 2019.

**STATE OF NEW MEXICO**  
**WAGON MOUND PUBLIC SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 1      Summary of Significant Accounting Policies (Continued)**

*E.      Revenues (Continued)*

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

In the financial statements, the mill levy and ad-valorem taxes are broken out into two types: property taxes – residential and commercial and property taxes – oil and gas. Amounts collected from residential and commercial property taxes at June 30, 2019 were \$191,489. The District did not collect any revenues from oil and gas taxes.

**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 \$112,739 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 \$2,274.

**SB-9 State Match:** The Director shall distribute to any school district that has imposed a tax under the Public School Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978) an amount from the public school capital improvements fund that is equal to the amount by which the revenue estimated to be received from the imposed tax as specified in Subsection B of Section 22-25-3 NMSA 1978, assuming a one hundred percent collection rate, is less than an amount calculated by multiplying the product obtained by the rate imposed in the District under the Public School Capital Improvements Act. The distribution shall be made by December 1, of each year that the tax is imposed in accordance with Section 22-25-3 NMSA 1978. Provided, however, in the event that sufficient funds are not available in the public school capital improvement funds to make the state distribution provided for in this section, the dollar per program unit figure shall be reduced as necessary. The District received \$35,509 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.

**STATE OF NEW MEXICO**  
**WAGON MOUND PUBLIC SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 1      Summary of Significant Accounting Policies (Continued)**

*E. Revenues (Continued)*

**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.

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

1. In April or May, the local school board submits to the District Budget Planning Unit (DBPU) of the New Mexico Public Education Department (PED) (100%) a proposed operating budget for the ensuing fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. All budgets are submitted to the State of New Mexico PED.
2. In May or June of each year, the proposed "operating" budget will be reviewed and approved by the DBPU and certified and approved by the local school board at a public hearing of which notice has been published by the local school board which fixes the estimated budget for the school district for the ensuing fiscal year.
3. The school board meeting, while not intended for the general public, is open for the general public unless a closed meeting has been called.
4. The "operating" budget will be used by the District until they have been notified that the budget has been approved by the DBPU and the local school board. The budget shall be integrated formally into the accounting system. Encumbrances shall be used as an element of control and shall be integrated into the budget system.
5. The District shall make corrections, revisions and amendments to the estimated budgets fixed by the local school board to recognize actual cash balances and carryover funds, if any. These adjustments shall be reviewed and approved by the DBPU.
6. The superintendent is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the school board and the State of New Mexico Public Education Department.

**STATE OF NEW MEXICO**  
**WAGON MOUND PUBLIC SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 2 Stewardship, Compliance and Accountability (Continued)**

*Budgetary Information (Continued)*

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 a governmental agency from exceeding an individual line item.

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.

**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.



**STATE OF NEW MEXICO  
WAGON MOUND PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

**NOTE 3 Cash and Temporary Investments (Continued)**

**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.

	Wells Fargo Bank
Total amounts of deposits	\$ 508,467
FDIC coverage	250,000
Total uninsured public funds	258,467
Collateral requirement (50% of uninsured public funds)	129,234
Pledged security	154,247
Total over (under) collateralized	\$ 25,013

The funds are maintained in non-interest-bearing accounts and interest-bearing certificate of deposits at Wells Fargo Bank. The types of collateral allowed are limited by the section 6-10-16, NMSA 1978.

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

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

1. Uncollateralized;
2. Collateralized with securities held by the pledging financial institution; or
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, \$258,467 of the District's bank balance of \$508,467 was exposed to custodial credit risk as it was uninsured and the collateral was not held in the District's name.

**Reconciliation of Cash to the Financial Statements**

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

**STATE OF NEW MEXICO  
WAGON MOUND PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

**NOTE 3 Cash and Temporary Investments (Continued)**

Reconciliation to Statement of Net Position

Governmental Funds - Balance Sheet

Cash and cash equivalents per Exhibit A-1	\$ 369,141
Statement of Fiduciary Net Position - cash per Exhibit D-1	12,359
Statement of Fiduciary Net Position - cash per Exhibit D-2	39,419
Total per financial statements	420,919
Less common stock	(12,359)
Add outstanding checks and other reconciling items	99,907
Bank balance of deposits	\$ 508,467

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 in the 24000's and 25000's are federal funds while funds in the 26000's through 29000's are non-federal funds. The funds listed in interfund payables in Note 5 are the funds which had negative cash balances as of June 30, 2019:

The *Common Stock* is held by the District via stock certificates. There are donor-imposed restrictions. The intent of the donors was that principal and income of stock donated to the District could only be used for the school library.

**NOTE 4 Receivables**

Receivables as of June 30, 2019 are as follows:

	Major Funds				Total Governmental Funds
	Operational 11000	Title I IASA 24101	Cap. Improv. SB-9 (Local) 31701	Other Governmental Funds	
Property taxes	\$ 1,330	\$ -	\$ 1,719	\$ 15,744	\$ 18,793
Due from other governments	-	66,858	-	83,536	150,394
Total receivables	\$ 1,330	\$ 66,858	\$ 1,719	\$ 99,280	\$ 169,187

The above receivables are deemed 100% collectible. In accordance with GASB No. 33, property tax revenues in the amount of \$13,827 were not collected within the period of availability.

**STATE OF NEW MEXICO  
WAGON MOUND PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

**NOTE 5 Interfund Receivables, Payables, and Transfers**

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

<b>Governmental Activities</b>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<b>Major Funds:</b>		
Operational (11000)	\$ 140,433	\$ -
Title I IASA (24101)	-	54,475
<b>Non-Major Funds:</b>		
IDEA-B Entitlement (24106)	-	15,665
IDEA-B Preschool (24109)	-	198
Fresh Fruits & Vegetables (24118)	-	1,841
Teacher/Principal Training & Recruitment (24154)	-	132
USDA Equipment Grant (24183)	-	24,975
Recruitment Support (27128)	-	569
PreK Initiative (27149)	-	4,505
Kindergarten Three Plus (27166)	-	3,633
NM Grown Fresh Fruits and Vegetables (27183)	-	15
K-3 Plus 4 & 5 Pilot (27198)	-	4,145
Capital Improvements SB-9 (State Match) (31700)	-	30,280
<b>Totals</b>	<u>\$ 140,433</u>	<u>\$ 140,433</u>

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

During the year ended June 30, 2019, the District had the following interfund transfers:

<b>Governmental Activities</b>	<u>Transfers In</u>	<u>Transfers Out</u>
<b>Major Funds:</b>		
Operational (11000)	\$ 4	\$ 109,432
<b>Non-major Funds:</b>		
Bond Building (31100)	-	4
Educational Technology Equipment Act (31900)	109,432	-
<b>Totals</b>	<u>\$ 109,436</u>	<u>\$ 109,436</u>

**STATE OF NEW MEXICO  
WAGON MOUND 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	\$ 189,300	\$ -	\$ -	\$ 189,300
Total capital assets not being depreciated	<u>189,300</u>	<u>-</u>	<u>-</u>	<u>189,300</u>
Capital assets being depreciated:				
Land improvements	683,787	-	-	683,787
Buildings and building improvements	10,206,129	-	-	10,206,129
Furniture, fixtures, and equipment	730,750	46,456	(69,945)	707,261
Total capital assets being depreciated	<u>11,620,666</u>	<u>46,456</u>	<u>(69,945)</u>	<u>11,597,177</u>
Less accumulated depreciation:				
Land improvements	556,194	15,218	-	571,412
Buildings and building improvements	6,475,270	420,313	-	6,895,583
Furniture, fixtures, and equipment	648,181	30,541	(69,945)	608,777
Total accumulated depreciation	<u>7,679,645</u>	<u>466,072</u>	<u>(69,945)</u>	<u>8,075,772</u>
Total capital assets, net of depreciation	<u>\$ 4,130,321</u>	<u>\$ (419,616)</u>	<u>\$ -</u>	<u>\$ 3,710,705</u>

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

Governmental activities:	
Instruction	\$ 23,766
Support services - general administration	1,282
Operation and maintenance of plant	3,812
Food services	10,358
Capital outlay	426,854
Total depreciation	<u>\$ 466,072</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  
WAGON MOUND 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	\$ 880,000	\$ -	\$ 80,000	\$ 800,000	\$ 90,000
Compensated Absences	20,816	10,409	10,624	20,601	10,624
Total	<u>\$ 900,816</u>	<u>\$ 10,409</u>	<u>\$ 90,624</u>	<u>\$ 820,601</u>	<u>\$ 100,624</u>

**General Obligation Bonds:** GO bonds are direct obligations and pledge the full faith and credit of the District. The District has no outstanding general obligation bond as of June 30, 2019.

	Series 2011 GO Bond <u>5/15/2011</u>	Series 2012 GO Bond <u>3/15/2012</u>
Issue Date		
Original Issue	\$800,000	\$500,000
Maturity Date	5/15/2024	3/15/2028
Principal	15-May	15-Mar
Interest Rate	3.70% to 3.85%	2.90% to 3.20%
Principal/Interest	15-Nov	15-Sep
Interest	15-May	15-Mar

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

Fiscal Year Ending <u>June 30,</u>	Total General Obligation Bonds		Total Debt Service
	<u>Principal</u>	<u>Interest</u>	
2020	\$ 90,000	\$ 27,113	\$ 117,113
2021	95,000	23,833	118,833
2022	95,000	20,363	115,363
2023	95,000	16,855	111,855
2024	150,000	13,387	163,387
2025-2029	<u>275,000</u>	<u>19,649</u>	<u>294,649</u>
Totals	<u>\$ 800,000</u>	<u>\$ 121,200</u>	<u>\$ 921,200</u>

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

**Compensated Absences:** Administrative employees of the District are able to accrue a limited amount of vacation and other compensatory time during the year. During fiscal year June 30, 2019 compensated absences decreased \$215 over the prior year accrual. See Note 1 for more details.

**Operating Leases:** The District has no leases at this time.

**STATE OF NEW MEXICO  
WAGON MOUND PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

**NOTE 8 Unearned Revenues**

In accordance with the terms of the various grant agreements within the Special Revenue Funds, revenues received in excess of expenditures carry over to the subsequent years, unless such excess revenues are requested to be returned to the grantor. The District had unearned revenues of \$52 in the IDEA-B Preschool Fund (24109), and \$108 in the Kindergarten – Three Plus Fund (27166) at June 30, 2019 for a total of \$160.

**NOTE 9 Risk Management**

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

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

In case the NMPSIA’s assets are not sufficient to meet its liability claims, the agreement provides that subscribers, including the District, cannot be assessed additional premiums to cover the shortfall. As of June 30, 2019, there have been no claims that have exceeded insurance 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 following funds reported a deficit fund balance at June 30, 2019:

<b>Fund #</b>	<b>Fund Description</b>	<b>Amount</b>
24101	Title I IASA	\$ 1,046
24106	IDEA-B Entitlement	8,161
24118	Fresh Fruits & Vegetables	1,734
24154	Teacher/Principal Training & Recruiting	132
27128	Recruitment Support	569
27149	PreK Initiative	322
31700	Capital Improvements SB-9 (State Match)	1,812
	Total	<u>\$ 13,776</u>

- B. Excess of expenditures over appropriations. For the year ended June 30, 2019, the District had no funds with expenditures in excess of appropriations.
- C. Cash appropriations in excess of available cash balance. For the year ended June 30, 2019, the District had no funds with cash appropriations in excess of available cash balance.

**STATE OF NEW MEXICO**  
**WAGON MOUND PUBLIC SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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

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.

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

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

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

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

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

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

**STATE OF NEW MEXICO**  
**WAGON MOUND PUBLIC SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

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

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

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

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

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

- **Option A – Straight Life Benefit** – The single life annuity option has no reductions to the monthly benefit, and there is not continuing benefit due to a beneficiary or estate, except the balance, if any, of member contributions plus interest less benefits paid prior to the member's death.
- **Option B – Joint 100% Survivor Benefit** – The single life annuity monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the same benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life Benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.
- **Option C – Joint 50% Survivor Benefit** – The single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit. The reduced benefit is payable during the life of the member, with the provision that, upon death, the reduced 50% benefit is paid to the beneficiary for his or her lifetime. If the beneficiary predeceases the member, the member's monthly benefit is increased to the amount the member would have received under Option A Straight Life Benefit. The member's increased monthly benefit commences in the month following the beneficiary's death.

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

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

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



**STATE OF NEW MEXICO  
WAGON MOUND PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

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

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:

<b>Fiscal Year</b>	<b>Date Range</b>	<b>Wage Category</b>	<b>Member Rate</b>	<b>Employer Rate</b>	<b>Combined Rate</b>	<b>Increase Over Prior Year</b>
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 the fiscal years ended June 30, 2019 and 2018, the District paid employee and employer contributions of \$287,510 and \$303,260 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 \$5,276,184 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. June 30, 2018, the District’s proportion was 0.04437%, which was an increase of 0.00120% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$741,682. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

**STATE OF NEW MEXICO  
WAGON MOUND PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Net (Inflows) Outflows</b>
Differences between expected and actual experience	\$ 3,851	\$ (100,414)	\$ (96,563)
Changes of assumptions	1,087,396	-	1,087,396
Net difference between projected and actual earnings on pension plan investments	11,680	-	11,680
Changes in proportion and differences between contributions and proportionate share of contributions	69,129	(3,523)	65,606
District's contributions subsequent to the measurement date	163,396	-	163,396
Total	<u>\$ 1,335,452</u>	<u>\$ (103,937)</u>	<u>\$ 1,231,515</u>

\$163,396 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30,**

2020	\$ 639,932
2021	420,160
2022	7,873
2023	154
2024	-
Thereafter	-
Total	<u>\$ 1,068,119</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:

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	Fiscal Year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	Service life in years	3.335	3.77	3.92	3.88

**STATE OF NEW MEXICO  
WAGON MOUND PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

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

Mortality	<p><b>Healthy males:</b> Based on the RP-2000 Combined Mortality Table with White Collar adjustments, not set back. Generational mortality improvements with Scale BB from the table's base year of 2000.</p> <p><b>Healthy females:</b> Based on GRS Southwest Region Teacher Mortality Table, set back one year, generational mortality improvements in accordance with Scale BB from the table's base year of 2012.</p> <p><b>Disabled males:</b> RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB.</p> <p><b>Disabled females:</b> RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.</p> <p><b>Active members:</b> RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table's base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for preretirement mortality.</p>
Retirement Age	Experience-based table rates based on age and service, adopted by the 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%.

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.

**STATE OF NEW MEXICO  
WAGON MOUND PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

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

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

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

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

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

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

<u>1% Decrease (4.69%)</u>	<u>Current Discount Rate (5.69%)</u>	<u>1% Increase (6.69%)</u>
\$ 6,857,018	\$ 5,276,184	\$ 3,986,321

**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](https://www.nmerb.org/Annual_reports.html).

**Payables to the pension plan.** The District remits the legally required employer and employee contributions on a monthly basis to ERB. The ERB requires that the contributions be remitted by the 15<sup>th</sup> day of the month following the month for which contributions are withheld. At June 30, 2019 the contributions due and payable by the District were \$55,060 which were paid on July 11, 2019.

**STATE OF NEW MEXICO  
WAGON MOUND PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

**NOTE 12 Post-Employment Benefits – State Retiree Health Care Authority**

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

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

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

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

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

**Contributions -** Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee’s salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer’s participation in the Fund. Contributions to the Fund from the District were \$34,948 and \$37,015 for the years ended June 30, 2019 and 2018 respectively.

**STATE OF NEW MEXICO  
WAGON MOUND PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

**NOTE 12 Post-Employment Benefits – State Retiree Health Care Authority (Continued)**

At June 30, 2019, the District reported a liability of \$1,256,675 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2018, the District's proportion was 0.02890% which was an increase of 0.00012% from its proportion measured at June 30, 2017.

For the year ended June 30, 2019, the District recognized OPEB expense of \$23,731. 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	\$ -	\$ (74,403)	\$ (74,403)
Changes of assumptions	-	(234,616)	(234,616)
Net difference between projected and actual earnings on pension plan investments	-	(15,683)	(15,683)
Changes in proportion	5,509	-	5,509
District's contributions subsequent to the measurement date	<u>23,224</u>	<u>-</u>	<u>23,224</u>
Total	<u>\$ 28,733</u>	<u>\$ (324,702)</u>	<u>\$ (295,969)</u>

Deferred outflows of resources totaling \$28,733 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	\$ (81,333)
2021	(81,333)
2022	(81,333)
2023	(62,544)
2024	(12,650)
Thereafter	-
Total	<u>\$ (319,193)</u>

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

Valuation Date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis.
Asset valuation method	Market value of assets

**STATE OF NEW MEXICO  
WAGON MOUND PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

**NOTE 12 Post-Employment Benefits – State Retiree Health Care Authority (Continued)**

Actuarial assumptions:

Inflation	2.50% for ERB, 2.25% for PERA
Projected payroll increases	3.25% to 12.5% based on years of service including inflation
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation.

Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs
-----------------------------	---

Mortality	ERB members: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females) PERA members: RP-2000 Combined Healthy Mortality
-----------	--

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

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

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

**Discount Rate:** The discount rate used to measure the Fund’s total OPEB liability is 4.08% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are 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  
WAGON MOUND PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2019**

**NOTE 12 Post-Employment Benefits – State Retiree Health Care Authority (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 School, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.08%) or 1-percentage-point higher (4.08%) than the current discount rate:

1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
\$ 1,520,872	\$ 1,256,675	\$ 1,048,428

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
\$ 1,062,331	\$ 1,256,675	\$ 1,409,045

**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 a payable of \$6,651 for outstanding contributions due to NMRHCA for the year ended June 30, 2019 which were paid in July and August 2019.

**NOTE 13 Unavailable Revenues**

The District did not receive any funds subsequent to year-end which were outside the period of availability, more than 60 days after year-end for grants. The District did have \$13,827 of uncollected taxes at year-end.

**NOTE 14 Concentrations**

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

**NOTE 15 Contingent Liabilities**

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

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**  
**WAGON MOUND 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. The Mora County Assessor has reported that the District does have a PILOT. However, the County was not available to provide any additional information related to standard GASB Statement No. 77 disclosures. The District shows no revenues on the year which would have been received from a PILOT.

**NOTE 17 Subsequent Accounting Standard Pronouncements**

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

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

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

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

**STATE OF NEW MEXICO**  
**WAGON MOUND PUBLIC SCHOOLS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 17**      **Subsequent Accounting Standard Pronouncements (Continued)**

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. 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 November 6, 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**  
**WAGON MOUND PUBLIC SCHOOLS**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**EDUCATIONAL RETIREMENT BOARD (ERB) PLAN**  
**LAST 10 FISCAL YEARS\***  
**JUNE 30, 2019**

<b>Fiscal Year Ended June 30,</b>	<b>Measurement Date - Year Ended June 30,</b>	<b>District's Proportion of the Net Pension Liability (NPL)</b>	<b>District's Proportionate Share of the NPL</b>	<b>District's Covered- Employee Payroll</b>	<b>District's Proportionate Share of the NPL as a Percentage of its Covered- Employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2019	2018	0.04437%	\$ 5,276,184	\$ 1,239,365	425.72%	52.17%
2018	2017	0.04317%	4,797,684	\$ 1,229,511	390.21%	52.95%
2017	2016	0.04327%	\$ 3,113,897	\$ 1,235,875	251.96%	61.58%
2016	2015	0.04330%	\$ 2,805,304	\$ 1,126,983	248.92%	63.97%
2015	2014	0.04370%	\$ 2,494,539	\$ 1,205,183	206.98%	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.

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

Schedule II

<b>Fiscal Year Ended June 30,</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to the Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>District's Covered- Employee Payroll</b>	<b>Contributions as a Percentage of Covered- Employee Payroll</b>
2019	\$ 163,396	\$ 163,396	\$ -	\$ 1,175,720	13.90%
2018	\$ 172,210	\$ 172,210	\$ -	\$ 1,239,365	13.90%
2017	\$ 170,902	\$ 170,902	\$ -	\$ 1,229,511	13.90%
2016	\$ 171,787	\$ 171,787	\$ -	\$ 1,235,875	13.90%
2015	\$ 156,651	\$ 156,651	\$ -	\$ 1,126,983	13.90%

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

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

**STATE OF NEW MEXICO**  
**WAGON MOUND 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.

**STATE OF NEW MEXICO**  
**WAGON MOUND 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**

Schedule III

Fiscal Year Ended June 30,	Measurement Date - Year Ended June 30,	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered- Employee Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered- Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2019	2018	0.02890%	\$ 1,256,675	\$ 1,233,823	101.85%	13.14%
2018	2017	0.02878%	\$ 1,304,215	\$ 1,235,448	105.57%	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**  
**WAGON MOUND PUBLIC SCHOOLS**  
**SCHEDULE OF OTHER POST-EMPLOYMENT BENEFITS (OPEB) CONTRIBUTIONS**  
**RETIREE HEALTH CARE AUTHORITY (RHCA)**  
**LAST 10 FISCAL YEARS\***  
**JUNE 30, 2019**

Schedule IV

Fiscal Year Ended June 30,	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered- employee payroll	Contributions as a percentage of covered- employee payroll
2019	23,224	\$ 23,224	\$ -	\$ 1,164,109	2.00%
2018	24,676	\$ 24,676	\$ -	\$ 1,233,823	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**  
WAGON MOUND 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.

(This page intentionally left blank.)

**SUPPLEMENTARY INFORMATION**

(This page intentionally left blank.)

**NONMAJOR GOVERNMENTAL FUNDS**

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

Statement A-1

	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
<b>ASSETS</b>				
<i>Current assets:</i>				
Cash and temporary investments	\$ 29,677	\$ 86,825	\$ 12,074	\$ 128,576
Accounts receivable				
Taxes	-	4,772	10,972	15,744
Due from other governments	55,068	28,468	-	83,536
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	1,120	-	-	1,120
<i>Total assets</i>	<u>85,865</u>	<u>120,065</u>	<u>23,046</u>	<u>228,976</u>
<b>LIABILITIES</b>				
<i>Current liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	7,595	-	-	7,595
Interfund payables	55,678	30,280	-	85,958
Unearned revenue	160	-	-	160
<i>Total liabilities</i>	<u>63,433</u>	<u>30,280</u>	<u>-</u>	<u>93,713</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - property taxes	-	4,772	8,052	12,824
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>4,772</u>	<u>8,052</u>	<u>12,824</u>
<b>FUND BALANCES</b>				
Nonspendable	1,120	-	-	1,120
Restricted for:				
Grant mandates	7,722	-	-	7,722
Capital projects	-	63,197	-	63,197
Debt service	-	-	8,704	8,704
Assigned	24,820	23,628	6,290	54,738
Unassigned	(11,230)	(1,812)	-	(13,042)
<i>Total fund balances</i>	<u>22,432</u>	<u>85,013</u>	<u>14,994</u>	<u>122,439</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 85,865</u>	<u>\$ 120,065</u>	<u>\$ 23,046</u>	<u>\$ 228,976</u>

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

**STATE OF NEW MEXICO**  
**WAGON MOUND 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	\$ -	\$ -	\$ 107,715	\$ 107,715
State grants	89,463	35,509	-	124,972
Federal grants	52,277	-	-	52,277
Miscellaneous	1,265	-	-	1,265
Charges for services	12,013	-	-	12,013
Investment income	-	-	-	-
<i>Total revenues</i>	<u>155,018</u>	<u>35,509</u>	<u>107,715</u>	<u>298,242</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	70,293	-	-	70,293
Support services				
Students	3,137	-	-	3,137
Instruction	3,111	-	-	3,111
General administration	9,436	-	1,052	10,488
School administration	249	-	-	249
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	78,143	-	-	78,143
Community services	-	-	-	-
Capital outlay	-	32,887	-	32,887
Debt service				
Principal	-	-	80,000	80,000
Interest	-	-	29,973	29,973
<i>Total expenditures</i>	<u>164,369</u>	<u>32,887</u>	<u>111,025</u>	<u>308,281</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(9,351)</u>	<u>2,622</u>	<u>(3,310)</u>	<u>(10,039)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	109,428	-	109,428
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>109,428</u>	<u>-</u>	<u>109,428</u>
<i>Net changes in fund balances</i>	(9,351)	112,050	(3,310)	99,389
<i>Fund balances - beginning of year</i>	<u>31,783</u>	<u>(27,037)</u>	<u>18,304</u>	<u>23,050</u>
<i>Fund balances - end of year</i>	<u>\$ 22,432</u>	<u>\$ 85,013</u>	<u>\$ 14,994</u>	<u>\$ 122,439</u>

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



(This page intentionally left blank.)

**SPECIAL REVENUE FUNDS**

**STATE OF NEW MEXICO**  
**WAGON MOUND PUBLIC SCHOOLS**  
**SPECIAL REVENUE FUNDS 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.

**IDEA-B Entitlement (24106)** – To account for a program funded by a Federal grant to assist the District in providing free appropriate public education to all handicapped children. Funding authorized by 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. No minimum balance required according to legislation.

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

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

**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.

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

**Rural Education Achievement Program (REAP) (25233)** – Part B of Title VI of the reauthorized ESEA contains Rural Education Achievement Program (REAP) initiatives that are designed to help rural districts that may lack the personnel and resources to compete effectively for Federal competitive grants and that often receive grant allocations in amounts that are too small to be effective in meeting their intended purposes. The fund was created by the authority of federal grant provisions. No minimum balance required according to legislation.

**NM Reads to Lead K-3 Reading Initiative (27114)** – The purpose of this grant is to provide funding for reading initiative activities for grades K-3. Funds accounted for in this fund are received from the State of New Mexico. The authority for creation of this fund is the School Board and the New Mexico Public Education Department. No minimum balance required according to legislation.

**Recruitment Support Fund (27128)** – To account for monies received to help districts offset the costs of teacher recruiting costs. No minimum balance required according to legislation.

**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.

**STATE OF NEW MEXICO**  
**WAGON MOUND PUBLIC SCHOOLS**  
**SPECIAL REVENUE FUNDS DESCRIPTIONS**  
**JUNE 30, 2019**

**Kindergarten – Three Plus (27166)** – In 2007, House Bill 198 established a fund to allow New Mexico public schools and districts to develop a six year pilot project that extends to the school year for kindergarten through third grade by up to two months for participating students to measure the effect of additional time on literacy, numeric and social skills development. No minimum balance required according to legislation.

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

**K-3 Plus 4 & 5 Pilot (27198)** – To account for monies which the New Mexico legislature appropriated for additional education time for kindergarten through 5<sup>th</sup> grade with at least 25 instructional days beginning up to two months earlier than the regular school year. No minimum balance required according to legislation.

**Sun Safety (28146)** – To account for funds administered through the NM Department of Health to promote sun safety education to reduce the risk of developing skin cancer. No minimum balance required according to legislation.

**CYFD Child and Adult Care Food Program (28201)** – To account for funds to provide summer lunches to community members in New Mexico communities. No minimum balance required according to legislation.

**Private Direct Grants (29102)** – To account for local grants awarded to provide additional funding for specific projects. No minimum balance required according to legislation.

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

Statement B-1

	Food Services 21000	Athletics 22000	IDEA-B Entitlement 24106	IDEA-B Preschool 24109
<b>ASSETS</b>				
<i>Current assets:</i>				
Cash and temporary investments	\$ 19,141	\$ 3,727	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	3,632	-	7,837	250
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	1,120	-	-	-
<i>Total assets</i>	<u>23,893</u>	<u>3,727</u>	<u>7,837</u>	<u>250</u>
<b>LIABILITIES</b>				
<i>Current liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	-	-	333	-
Interfund payables	-	-	15,665	198
Unearned revenue	-	-	-	52
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>15,998</u>	<u>250</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	1,120	-	-	-
Restricted for:				
Grant mandates	3,654	277	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	19,119	3,450	-	-
Unassigned	-	-	(8,161)	-
<i>Total fund balances</i>	<u>23,893</u>	<u>3,727</u>	<u>(8,161)</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 23,893</u>	<u>\$ 3,727</u>	<u>\$ 7,837</u>	<u>\$ 250</u>

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

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

Statement B-1

	Fresh Fruits & Vegetables 24118	Teacher/Principal Training & Recruiting 24154	USDA Equipment Grant 24183	Rural Education Achievement Program 25233
<b>ASSETS</b>				
<i>Current assets:</i>				
Cash and temporary investments	\$ -	\$ -	\$ -	\$ 925
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	107	-	24,975	-
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>107</u>	<u>-</u>	<u>24,975</u>	<u>925</u>
<b>LIABILITIES</b>				
<i>Current liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	-	-	-	925
Interfund payables	1,841	132	24,975	-
Unearned revenue	-	-	-	-
<i>Total liabilities</i>	<u>1,841</u>	<u>132</u>	<u>24,975</u>	<u>925</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted for:				
Grant mandates	-	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	(1,734)	(132)	-	-
<i>Total fund balances</i>	<u>(1,734)</u>	<u>(132)</u>	<u>-</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 107</u>	<u>\$ -</u>	<u>\$ 24,975</u>	<u>\$ 925</u>

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

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

Statement B-1

	NM Reads to Lead K-3 Reading Initiative 27114	Recruitment Support 27128	Pre-K Initiative 27149	Kindergarten - Three Plus 27166
<b>ASSETS</b>				
<i>Current assets:</i>				
Cash and temporary investments	\$ 2,188	\$ -	\$ -	\$ -
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	-	7,746	4,920
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>2,188</u>	<u>-</u>	<u>7,746</u>	<u>4,920</u>
<b>LIABILITIES</b>				
<i>Current liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	-	-	3,563	1,179
Interfund payables	-	569	4,505	3,633
Unearned revenue	-	-	-	108
<i>Total liabilities</i>	<u>-</u>	<u>569</u>	<u>8,068</u>	<u>4,920</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted for:				
Grant mandates	2,188	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	(569)	(322)	-
<i>Total fund balances</i>	<u>2,188</u>	<u>(569)</u>	<u>(322)</u>	<u>-</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 2,188</u>	<u>\$ -</u>	<u>\$ 7,746</u>	<u>\$ 4,920</u>

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

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

Statement B-1

	NM Grown Fresh Fruits and Vegetables 27183	K-3 Plus 4 & 5 Pilot 27198	Sun Safety 28146	CYFD Child & Adult Care Food Program 28201
<b>ASSETS</b>				
<i>Current assets:</i>				
Cash and temporary investments	\$ -	\$ -	\$ 1,130	\$ 2,562
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	15	5,522	-	64
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>15</u>	<u>5,522</u>	<u>1,130</u>	<u>2,626</u>
<b>LIABILITIES</b>				
<i>Current liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	-	1,377	218	-
Interfund payables	15	4,145	-	-
Unearned revenue	-	-	-	-
<i>Total liabilities</i>	<u>15</u>	<u>5,522</u>	<u>218</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted for:				
Grant mandates	-	-	912	375
Capital projects	-	-	-	-
Debt service	-	-	-	-
Assigned	-	-	-	2,251
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>-</u>	<u>912</u>	<u>2,626</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 15</u>	<u>\$ 5,522</u>	<u>\$ 1,130</u>	<u>\$ 2,626</u>

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



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

Statement B-1

	<u>Private Direct Grants 29102</u>	<u>Total</u>
<b>ASSETS</b>		
<i>Current assets:</i>		
Cash and temporary investments	\$ 4	\$ 29,677
Accounts receivable	-	-
Taxes	-	-
Due from other governments	-	55,068
Interfund receivables	-	-
Other	-	-
Inventory	-	1,120
	<u>4</u>	<u>85,865</u>
<i>Total assets</i>	<u>4</u>	<u>85,865</u>
<b>LIABILITIES</b>		
<i>Current liabilities:</i>		
Accounts payable	-	-
Accrued payroll liabilities	-	7,595
Interfund payables	-	55,678
Unearned revenue	-	160
	<u>-</u>	<u>63,433</u>
<i>Total liabilities</i>	<u>-</u>	<u>63,433</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenues - property taxes	-	-
	<u>-</u>	<u>-</u>
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>		
Nonspendable	-	1,120
Restricted for:		
Grant mandates	4	7,410
Capital projects	-	-
Debt service	-	-
Assigned	-	24,820
Unassigned	-	(10,918)
	<u>4</u>	<u>22,432</u>
<i>Total fund balances</i>	<u>4</u>	<u>22,432</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 4</u>	<u>\$ 85,865</u>

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

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

	Food Services 21000	Athletics 22000	IDEA-B Entitlement 24106	IDEA-B Preschool 24109
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	40,634	-	-	-
Federal grants	2,683	-	14,928	198
Miscellaneous	-	465	-	-
Charges for services	4,780	7,233	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>48,097</u>	<u>7,698</u>	<u>14,928</u>	<u>198</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	8,354	8,685	250
Support services				
Students	-	-	3,137	-
Instruction	-	-	3,111	-
General administration	9,186	-	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	47,737	-	-	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>56,923</u>	<u>8,354</u>	<u>14,933</u>	<u>250</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>(8,826)</u>	<u>(656)</u>	<u>(5)</u>	<u>(52)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	(8,826)	(656)	(5)	(52)
<i>Fund balances - beginning of year</i>	<u>32,719</u>	<u>4,383</u>	<u>(8,156)</u>	<u>52</u>
<i>Fund balances - end of year</i>	<u>\$ 23,893</u>	<u>\$ 3,727</u>	<u>\$ (8,161)</u>	<u>\$ -</u>

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

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

	Fresh Fruits & Vegetables 24118	Teacher/Principal Training & Recruiting 24154	USDA Equipment Grant 24183	Rural Education Achievement Program 25233
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	2,551	270	24,975	6,672
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>2,551</u>	<u>270</u>	<u>24,975</u>	<u>6,672</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	250	-	6,984
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	20	-	-
School administration	-	-	-	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	2,551	-	24,975	-
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>2,551</u>	<u>270</u>	<u>24,975</u>	<u>6,984</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(312)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	-	-	-	(312)
<i>Fund balances - beginning of year</i>	<u>(1,734)</u>	<u>(132)</u>	<u>-</u>	<u>312</u>
<i>Fund balances - end of year</i>	<u>\$ (1,734)</u>	<u>\$ (132)</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

	NM Reads to Lead K-3 Reading Initiative 27114	Recruitment Support 27128	Pre-K Initiative 27149	Kindergarten - Three Plus 27166
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	23,240	9,897
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>23,240</u>	<u>9,897</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	23,010	10,005
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	230	-
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>-</u>	<u>-</u>	<u>23,240</u>	<u>10,005</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(108)</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	-	-	-	(108)
<i>Fund balances - beginning of year</i>	<u>2,188</u>	<u>(569)</u>	<u>(322)</u>	<u>108</u>
<i>Fund balances - end of year</i>	<u>\$ 2,188</u>	<u>\$ (569)</u>	<u>\$ (322)</u>	<u>\$ -</u>

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

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

	NM Grown Fresh Food and Vegetables 27183	K-3 Plus 4 & 5 Pilot 27198	Sun Safety 28146	CYFD Child & Adult Care Food Program 28201
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	500	11,058	1,000	3,134
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>500</u>	<u>11,058</u>	<u>1,000</u>	<u>3,134</u>
<i>Expenditures:</i>				
<i>Current:</i>				
Instruction	-	11,058	1,697	-
Support services				
Students	-	-	-	-
Instruction	-	-	-	-
General administration	-	-	-	-
School administration	-	-	249	-
Central services	-	-	-	-
Operation & maintenance of plant	-	-	-	-
Student transportation	-	-	-	-
Other support services	-	-	-	-
Food services operations	500	-	-	1,584
Community services	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<i>Total expenditures</i>	<u>500</u>	<u>11,058</u>	<u>1,946</u>	<u>1,584</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>(946)</u>	<u>1,550</u>
<i>Other financing sources (uses):</i>				
Operating transfers	-	-	-	-
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	-	-	(946)	1,550
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>-</u>	<u>1,858</u>	<u>1,076</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 912</u>	<u>\$ 2,626</u>

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

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

	Private Direct Grants 29102	Total
	<u>          </u>	<u>          </u>
<i>Revenues:</i>		
Property taxes	\$ -	\$ -
State grants	-	89,463
Federal grants	-	52,277
Miscellaneous	800	1,265
Charges for services	-	12,013
Investment income	-	-
<i>Total revenues</i>	<u>800</u>	<u>155,018</u>
<i>Expenditures:</i>		
Current:		
Instruction	-	70,293
Support services		
Students	-	3,137
Instruction	-	3,111
General administration	-	9,436
School administration	-	249
Central services	-	-
Operation & maintenance of plant	-	-
Student transportation	-	-
Other support services	-	-
Food services operations	796	78,143
Community services	-	-
Capital outlay	-	-
Debt service		
Principal	-	-
Interest	-	-
<i>Total expenditures</i>	<u>796</u>	<u>164,369</u>
<i>Excess (deficiency) of revenues</i>		
<i>over (under) expenditures</i>	<u>4</u>	<u>(9,351)</u>
<i>Other financing sources (uses):</i>		
Operating transfers	<u>-</u>	<u>-</u>
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	4	(9,351)
<i>Fund balances - beginning of year</i>	<u>-</u>	<u>31,783</u>
<i>Fund balances - end of year</i>	<u>\$ 4</u>	<u>\$ 22,432</u>

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

(This page intentionally left blank.)

**CAPITAL PROJECTS FUNDS**



**STATE OF NEW MEXICO**  
**WAGON MOUND PUBLIC SCHOOLS**  
**CAPITAL PROJECTS 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.

**Public School Capital Outlay Capital Projects Fund (31200)** – To account for funding provided to the District by the State of New Mexico for capital improvement projects approved by the Public School Capital Outlay Council. Funding is authorized by NMAC 6.20.2 through the New Mexico Public Education Department.

**Special Capital Outlay – Local (31300)** – The fund provides financing from local revenues for the construction and improvements to District buildings and facilities. No minimum balance required according to legislation.

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

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

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

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

Statement C-1

	Bond Building 31100	Public School Capital Outlay 31200	Special Capital Outlay - Local 31300	Special Capital Outlay - State 31400
<b>ASSETS</b>				
<i>Current assets:</i>				
Cash and temporary investments	\$ -	\$ 18,339	\$ 23,628	\$ 44,858
Accounts receivable				
Taxes	-	-	-	-
Due from other governments	-	-	-	-
Interfund receivables	-	-	-	-
Other	-	-	-	-
Inventory	-	-	-	-
<i>Total assets</i>	<u>-</u>	<u>18,339</u>	<u>23,628</u>	<u>44,858</u>
<b>LIABILITIES</b>				
<i>Current liabilities:</i>				
Accounts payable	-	-	-	-
Accrued payroll liabilities	-	-	-	-
Interfund payables	-	-	-	-
Unearned revenue	-	-	-	-
<i>Total liabilities</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - property taxes	-	-	-	-
<i>Total deferred inflows of resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted for:				
Grant mandates	-	-	-	-
Capital projects	-	18,339	23,628	44,858
Debt service	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total fund balances</i>	<u>-</u>	<u>18,339</u>	<u>23,628</u>	<u>44,858</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ -</u>	<u>\$ 18,339</u>	<u>\$ 23,628</u>	<u>\$ 44,858</u>

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

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

Statement C-1

	Capital Improvements SB-9 (State Match) 31700	Capital Improvements Ed Tech 31900	Total
<b>ASSETS</b>			
<i>Current assets:</i>			
Cash and temporary investments	\$ -	\$ -	\$ 86,825
Accounts receivable			
Taxes	4,772	-	4,772
Due from other governments	28,468	-	28,468
Interfund receivables	-	-	-
Other	-	-	-
Inventory	-	-	-
	<u>33,240</u>	<u>-</u>	<u>120,065</u>
<i>Total assets</i>			
<b>LIABILITIES</b>			
<i>Current liabilities:</i>			
Accounts payable	-	-	-
Accrued payroll liabilities	-	-	-
Interfund payables	30,280	-	30,280
Unearned revenue	-	-	-
	<u>30,280</u>	<u>-</u>	<u>30,280</u>
<i>Total liabilities</i>			
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues - property taxes	4,772	-	4,772
	<u>4,772</u>	<u>-</u>	<u>4,772</u>
<i>Total deferred inflows of resources</i>			
<b>FUND BALANCES</b>			
Nonspendable	-	-	-
Restricted for:			
Grant mandates	-	-	-
Capital projects	-	-	86,825
Debt service	-	-	-
Assigned	-	-	-
Unassigned	(1,812)	-	(1,812)
	<u>(1,812)</u>	<u>-</u>	<u>85,013</u>
<i>Total fund balances</i>			
	<u>(1,812)</u>	<u>-</u>	<u>85,013</u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u>\$ 33,240</u>	<u>\$ -</u>	<u>\$ 120,065</u>

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

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

	Bond Building 31100	Public School Capital Outlay 31200	Special Capital Outlay - Local 31300	Special Capital Outlay - State 31400
<i>Revenues:</i>				
Property taxes	\$ -	\$ -	\$ -	\$ -
State grants	-	-	-	-
Federal grants	-	-	-	-
Miscellaneous	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
<i>Total revenues</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Expenditures:</i>				
Current:				
Instruction	-	-	-	-
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>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Other financing sources (uses):</i>				
Operating transfers	<u>(4)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total other financing sources (uses)</i>	<u>(4)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net changes in fund balances</i>	(4)	-	-	-
<i>Fund balances - beginning of year</i>	<u>4</u>	<u>18,339</u>	<u>23,628</u>	<u>44,858</u>
<i>Fund balances - end of year</i>	<u>\$ -</u>	<u>\$ 18,339</u>	<u>\$ 23,628</u>	<u>\$ 44,858</u>

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

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

	Capital Improvements SB-9 (State Match) 31700	Capital Improvements Ed Tech 31900	Total
<i>Revenues:</i>			
Property taxes	\$ -	\$ -	\$ -
State grants	35,509	-	35,509
Federal grants	-	-	-
Miscellaneous	-	-	-
Charges for services	-	-	-
Investment income	-	-	-
<i>Total revenues</i>	<u>35,509</u>	<u>-</u>	<u>35,509</u>
<i>Expenditures:</i>			
<i>Current:</i>			
Instruction	-	-	-
Support services			
Students	-	-	-
Instruction	-	-	-
General administration	-	-	-
School administration	-	-	-
Central services	-	-	-
Operation & maintenance of plant	-	-	-
Student transportation	-	-	-
Other support services	-	-	-
Food services operations	-	-	-
Community services	-	-	-
Capital outlay	32,887	-	32,887
Debt service			
Principal	-	-	-
Interest	-	-	-
<i>Total expenditures</i>	<u>32,887</u>	<u>-</u>	<u>32,887</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>2,622</u>	<u>-</u>	<u>2,622</u>
<i>Other financing sources (uses):</i>			
Operating transfers	-	109,432	109,428
<i>Total other financing sources (uses)</i>	<u>-</u>	<u>109,432</u>	<u>109,428</u>
<i>Net changes in fund balances</i>	2,622	109,432	112,050
<i>Fund balances - beginning of year</i>	<u>(4,434)</u>	<u>(109,432)</u>	<u>(27,037)</u>
<i>Fund balances - end of year</i>	<u>\$ (1,812)</u>	<u>\$ -</u>	<u>\$ 85,013</u>

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

(This page intentionally left blank.)

**DEBT SERVICE FUNDS**

**STATE OF NEW MEXICO**  
**WAGON MOUND PUBLIC SCHOOLS**  
**DEBT SERVICE FUNDS DESCRIPTIONS**  
**JUNE 30, 2019**

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

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



**STATE OF NEW MEXICO**  
**WAGON MOUND PUBLIC SCHOOLS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR DEBT SERVICE FUNDS**  
**JUNE 30, 2019**

Statement D-1

	<u>Debt Service 41000</u>
<b>ASSETS</b>	
<i>Current assets:</i>	
Cash and temporary investments	\$ 12,074
Accounts receivable	
Taxes	10,972
Due from other governments	-
Interfund receivables	-
Other	-
Inventory	-
	<u>                    -</u>
<i>Total assets</i>	<u><u>                    23,046</u></u>
<b>LIABILITIES</b>	
<i>Current Liabilities:</i>	
Accounts payable	-
Accrued payroll liabilities	-
Interfund payables	-
Unearned revenue	-
	<u>                    -</u>
<i>Total liabilities</i>	<u><u>                    -</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable revenues - property taxes	8,052
<i>Total deferred inflows of resources</i>	<u><u>                    8,052</u></u>
<b>FUND BALANCES</b>	
Nonspendable	-
Restricted for:	
Grant mandates	-
Capital projects	-
Debt service	8,704
Assigned	6,290
Unassigned	-
	<u>                    -</u>
<i>Total fund balances</i>	<u><u>                    14,994</u></u>
<i>Total liabilities, deferred inflows of resources, and fund balances</i>	<u><u>                    \$ 23,046</u></u>

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

**STATE OF NEW MEXICO**  
**WAGON MOUND PUBLIC SCHOOLS**  
**COMBINING STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR DEBT SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Statement D-2

	<u>Debt Service</u> <u>41000</u>
<i>Revenues:</i>	
Property taxes	\$ 107,715
State grants	-
Federal grants	-
Miscellaneous	-
Charges for services	-
Investment income	-
<i>Total revenues</i>	<u>107,715</u>
<i>Expenditures:</i>	
Current:	
Instruction	-
Support services	
Students	-
Instruction	-
General administration	1,052
School administration	-
Central services	-
Operation & maintenance of plant	-
Student transportation	-
Other support services	-
Food services operations	-
Community services	-
Capital outlay	-
Debt service	
Principal	80,000
Interest	29,973
<i>Total expenditures</i>	<u>111,025</u>
<i>Excess (deficiency) of revenues</i>	
<i>over (under) expenditures</i>	<u>(3,310)</u>
<i>Other financing sources (uses):</i>	
Operating transfers	-
<i>Total other financing sources (uses)</i>	<u>-</u>
<i>Net changes in fund balances</i>	(3,310)
<i>Fund balances - beginning of year</i>	<u>18,304</u>
<i>Fund balances - end of year</i>	<u>\$ 14,994</u>

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

(This page intentionally left blank.)

**OTHER SUPPLEMENTAL INFORMATION**

**STATE OF NEW MEXICO**  
**WAGON MOUND PUBLIC SCHOOLS**  
**SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDING JUNE 30, 2019**

Schedule V

Activity Fund	Description	Balance June 30, 2018	Additions	Deletions	Adjustments	Balance June 30, 2019
<b>ASSETS</b>						
23001	Admin Fund	\$ 1,409	\$ 3,144	\$ 4,413	\$ -	\$ 140
23003	Elementary Library	1,328	-	259	-	1,069
23005	High School Library	2,087	-	-	-	2,087
23007	Drug Free Schools	6	-	-	-	6
23008	Bilingual	38	-	-	-	38
23009	Scholarship	500	-	-	-	500
23011	High School - C	3,385	-	-	-	3,385
23012	High School Art Fund	3,730	-	-	-	3,730
23013	Elementary Art Fund	16	-	-	-	16
23015	High School Library GE Dividend	800	330	-	-	1,130
23016	Elementary Drama	3,348	-	170	-	3,178
23017	High School Science Fund	198	-	-	-	198
23020	Afterschool Activities	79	-	-	-	79
23021	Greenhouse Fund	102	-	-	-	102
23022	High School Incentive	1,478	-	-	(1)	1,477
23023	Read to Ride	17	-	-	-	17
23024	Prek Kindergarten Graduation	225	200	229	-	196
23025	Sunshine Parent Organization	760	-	-	-	760
23026	Health Fair	193	336	188	-	341
23027	Girls Sports	2,945	2,245	2,237	-	2,953
23028	Elementary Snack Shack	353	-	244	-	109
23029	Wagon Mound Pee Wees	7,236	10,313	9,844	-	7,705
23030	Elementary Classroom Social	5	-	-	-	5
52101	Admin Fund	252	-	82	(164)	6
52102	Annual Fund	259	4,521	3,977	-	803
52103	Art Fund	128	-	-	-	128
52104	Book Club	36	-	-	-	36
52105	Cheerleaders	99	-	-	-	99
52107	Booster Club	1	-	-	-	1
52108	Drama Club	125	-	-	-	125
52109	Mecha Club	8	-	-	-	8
52112	National Honors Society	170	-	-	-	170
52113	Elementary Field Trip	184	-	-	-	184
52116	Pre-voc	1,198	-	-	-	1,198
52121	Ski Club	393	-	-	-	393
52122	Student Council	138	-	45	-	93
52135	Summer Athletic Program	424	-	-	-	424
52136	Business Professionals of America	1,339	9,178	10,181	-	336
52213	Class of 2013	14	-	-	(14)	-
52215	Class of 2015	(179)	-	-	179	-
52216	Class of 2016	291	-	-	-	291
52218	Class of 2018	781	-	651	-	130
52219	Class of 2019	378	838	902	-	314
52220	Class of 2020	820	3,242	1,504	-	2,558
52221	Class of 2021	1,762	76	-	-	1,838
52222	Class of 2022	578	56	-	-	634
52223	Class of 2023	-	265	-	-	265
52224	Class of 2024	-	164	-	-	164
		<u>\$ 39,437</u>	<u>\$ 34,908</u>	<u>\$ 34,926</u>	<u>\$ -</u>	<u>\$ 39,419</u>
<b>LIABILITIES</b>						
	Deposits held for others	<u>\$ 39,437</u>	<u>\$ 34,908</u>	<u>\$ 34,926</u>	<u>\$ -</u>	<u>\$ 39,419</u>

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

**STATE OF NEW MEXICO**  
**WAGON MOUND 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>
<b>Wells Fargo Bank</b>				
	FNMA	3/1/2031	3138WGUB8	\$ 146,278
	FNMA	4/1/2047	3140FE5Q3	7,969
Total Wells Fargo Bank				<u>\$ 154,247</u>

The securities are held, not in the District's name, at:

BYN Mellon  
101 Barclay Street  
4th Floor East  
New York, NY 10286

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

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

Schedule VII

Bank Name/Account Type	Account Type	Bank Balance	Deposits in Transit	Outstanding Checks	Other Adjustments	Book Balance
<b>Wells Fargo Bank</b>						
Operational	Checking	\$ 440,018	\$ 508	\$ (72,420)	\$ (21,837)	\$ 346,269
Hot Lunch	Checking	22,273	-	(3,133)	-	19,140
Athletics	Checking	4,523	-	(796)	-	3,727
Activity I	Checking	25,940	-	(100)	-	25,840
Activity II	Checking	12,328	-	(2,129)	-	10,199
High School CD	CD	3,385	-	-	-	3,385
<b>Total Wells Fargo Bank</b>		<u>\$ 508,467</u>	<u>\$ 508</u>	<u>\$ (78,578)</u>	<u>\$ (21,837)</u>	<u>\$ 408,560</u>
General Electric Common Stock	Stock	<u>\$ 12,359</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ 12,359</u>
<b>Total</b>		<u><u>\$ 520,826</u></u>	<u><u>\$ 508</u></u>	<u><u>\$ (78,578)</u></u>	<u><u>\$ (21,837)</u></u>	<u><u>\$ 420,919</u></u>
<b>Cash per financial statements</b>						
Cash and cash equivalents - Government Activities Exhibit A-1						\$ 369,141
Fiduciary funds - Exhibit D-1						12,359
Fiduciary funds - Exhibits D-2						39,419
						<u>\$ 420,919</u>

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

**STATE OF NEW MEXICO**  
**WAGON MOUND 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	\$ 340,935	\$ 16,721	\$ 1,140	\$ 39,390
Add:				
Current year revenues	1,836,394	112,739	2,274	41,782
Permanent cash transfers	-	-	-	-
Prior period adjustment	-	-	-	-
Loans from other funds	-	-	-	-
Total cash available	2,177,329	129,460	3,414	81,172
Less:				
Current year expenditures	(1,824,045)	(115,582)	(2,173)	(62,031)
Permanent cash transfers	(109,428)	-	-	-
Prior period adjustment	-	-	-	-
Loans to other funds	(140,433)	-	-	-
Cash, June 30, 2019	<u>\$ 103,423</u>	<u>\$ 13,878</u>	<u>\$ 1,241</u>	<u>\$ 19,141</u>

The accompanying notes are an integral part of these financial statements



**STATE OF NEW MEXICO**  
**WAGON MOUND 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	\$ 4,383	\$ (55,180)	\$ 2,893	\$ (25,784)
Add:				
Current year revenues	7,698	111,105	6,672	71,337
Permanent cash transfers	-	-	-	-
Prior period adjustment	-	-	-	-
Loans from other funds	-	97,286	-	12,867
Total cash available	12,081	153,211	9,565	58,420
Less:				
Current year expenditures	(8,354)	(153,211)	(8,640)	(56,232)
Permanent cash transfers	-	-	-	-
Prior period adjustment	-	-	-	-
Loans to other funds	-	-	-	-
Cash, June 30, 2019	<u>\$ 3,727</u>	<u>\$ -</u>	<u>\$ 925</u>	<u>\$ 2,188</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**WAGON MOUND PUBLIC SCHOOLS**  
**SCHEDULE OF CASH RECONCILIATIONS**  
**JUNE 30, 2019**

Schedule VIII

**Primary Government**

	State Direct 28000	Local / State 29000	Bond Building 31100	Public School Capital Outlay 31200
Cash, June 30, 2018	\$ 1,815	\$ -	\$ 4	\$ 18,339
Add:				
Current year revenues	5,359	800	-	-
Permanent cash transfers	-	-	-	-
Prior period adjustment	-	-	-	-
Loans from other funds	-	-	-	-
Total cash available	7,174	800	4	18,339
Less:				
Current year expenditures	(3,482)	(796)	-	-
Permanent cash transfers	-	-	(4)	-
Prior period adjustment	-	-	-	-
Loans to other funds	-	-	-	-
Cash, June 30, 2019	<u>\$ 3,692</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ 18,339</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**WAGON MOUND PUBLIC SCHOOLS**  
**SCHEDULE OF CASH RECONCILIATIONS**  
**JUNE 30, 2019**

Schedule VIII

<b>Primary Government</b>	Special Capital Outlay - Local 31300	Special Capital Outlay - State 31400	Capital Improvements SB-9 (State Match) 31700	Capital Improvements SB-9 (Local) 31701
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Cash, June 30, 2018	\$ 23,628	\$ 44,858	\$ (4,434)	\$ 134,713
Add:				
Current year revenues	-	-	7,041	67,426
Permanent cash transfers	-	-	-	-
Prior period adjustment	-	-	-	-
Loans from other funds	-	-	30,280	-
	<u>23,628</u>	<u>44,858</u>	<u>32,887</u>	<u>202,139</u>
Total cash available				
Less:				
Current year expenditures	-	-	(32,887)	(80,116)
Permanent cash transfers	-	-	-	-
Prior period adjustment	-	-	-	-
Loans to other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash, June 30, 2019	<u>\$ 23,628</u>	<u>\$ 44,858</u>	<u>\$ -</u>	<u>\$ 122,023</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**WAGON MOUND PUBLIC SCHOOLS**  
**SCHEDULE OF CASH RECONCILIATIONS**  
**JUNE 30, 2019**

Schedule VIII

**Primary Government**

	Educational Tech Equip 31900	Debt Service 41000	Total
Cash, June 30, 2018	\$ (109,432)	\$ 17,867	\$ 451,856
Add:			
Current year revenues	-	105,232	2,375,859
Permanent cash transfers	109,432	-	109,432
Prior period adjustment	-	-	-
Loans from other funds	-	-	140,433
Total cash available	-	123,099	3,077,580
Less:			
Current year expenditures	-	(111,025)	(2,458,574)
Permanent cash transfers	-	-	(109,432)
Prior period adjustment	-	-	-
Loans to other funds	-	-	(140,433)
Cash, June 30, 2019	<u>\$ -</u>	<u>\$ 12,074</u>	<u>\$ 369,141</u>

The accompanying notes are an integral part of these financial statements

**STATE OF NEW MEXICO**  
**WAGON MOUND PUBLIC SCHOOLS**  
**SCHEDULE OF JOINT POWERS AGREEMENTS**  
**JUNE 30, 2019**

Schedule IX

Title: Regional Education Cooperative Joint Powers Agreement

Participants: Wagon Mound Public Schools and High Plains Regional Education Cooperative #3

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

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

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

Projected Cost: None

Audit Responsibility: High Plains Regional Education Cooperative #3

Fiscal Agent: High Plains Regional Education Cooperative #3

Reporting Agency: High Plains Regional Education Cooperative #3

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

(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  
Wagon Mound Public Schools  
Wagon Mound, 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 Wagon Mound 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 November 6, 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items FS 2018-002, FS 2019-001, and FS 2019-002.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as NM 2017-001, NM 2018-001, NM 2018-002, NM 2019-001, and NM 2019-002.

### **Response to Findings**

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

### **Purpose of this Report**

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

Manning Accounting and Consulting Services, LLC

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

**STATE OF NEW MEXICO**  
**WAGON MOUND PUBLIC SCHOOLS**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Schedule X

**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 identified?   | None identified |
| b. Significant deficiencies identified not considered to be material weaknesses? | Yes             |
| c. Noncompliance material to the financial statements identified?                | None identified |

STATE OF NEW MEXICO  
WAGON MOUND PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

**Section II – Financial Statement Findings**

**FS 2018-002 – Purchase Orders and Payment Authorization (Significant Deficiency) 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.

**13-1-158 NMSA 1978 PAYMENTS FOR PURCHASES:**

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

**13-1-158 NMSA 1978 Payments for purchases**

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

Additionally, the District has instituted more stringent purchasing guidelines for purchases greater than \$500. The District requires three written quotes for purchases greater than \$2,500 and sealed bids for purchases greater than \$5,000.

STATE OF NEW MEXICO  
WAGON MOUND PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

**Section II – Financial Statement Findings (Continued)**

**FS 2018-002 – Purchase Orders and Payment Authorization (Significant Deficiency) Repeated and Revised (Continue)**

**Condition:** During our review of 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 prior to the authorization of a purchase order.
  - A purchase of \$20.00 was made on 8/28/18 the purchase order was authorized on 9/7/18
  - A purchase of \$4,083.05 was made on 6/1/18 the purchase order was authorized on 8/2/18
- In 1 of 25 items tested a payment was sent more than 30 days after a valid invoice was received. The invoice was received in June but payment was not sent until 11/6/18.

During last year's audit there were 3 instances in which there was no receiving documentation, 5 instances where purchases were purchased before a PO was authorization, 1 instance where there was no invoice, and 1 instance where the purchase was greater than the PO authorization

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

- In 2 of 23 items tested the purchase occurred prior to the authorization of a purchase order
  - A purchase for \$20,331.41 was invoiced on 7/1/18 and the PO was authorized on 7/11/18
  - A purchase for \$11,736 was invoiced on 6/10/19 and the PO was authorized on 6/12/19
- In 2 of 23 items tested there was no receiving documentation to verify goods and or services were received. These purchases were for \$8,542.41, and \$11,736.

During last year's audit there were 2 instances where invoice amount and check amount did not agree and 2 instances in which there was no receiving documentation.

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

- In 6 of 12 items tested the purchase of goods and or services took place prior to the authorization of a valid purchase order.
  - Invoices for \$245.42 is dated 9/5-9/9/18 the purchase order is authorized 9/19/18
  - An invoice for \$132.00 is dated 10/30/18 the purchase order is authorized 11/1/18
  - An invoice for \$323.00 is dated 3/1/19 the purchase order is authorized 3/19/19
  - An invoice for \$57.20 is dated 3/26/19 the purchase order is authorized 4/1/19
  - A receipt for \$44.00 is dated 1/31/19 the purchase order is authorized 5/22/19
  - A receipt for \$44.00 is dated 1/1/19 the purchase order is authorized 5/22/19
- In 1 of 12 items tested the purchase of \$323.00 did not have a receipt nor was there any receiving documentation

In the prior year's audit, there were 3 instances in which the purchase was made prior to the authorization of a purchase order.

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

- In 2 of 25 items tested the purchase of goods and or services took place prior to the authorization of a valid purchase order.
  - A purchase of \$21.12 was invoiced on 6/26/18 the purchase order was authorized 6/28/18
  - A purchase of \$186.82 was invoiced on 7/3/18 the purchase order was authorized 7/11/18

**Section II – Financial Statement Findings (Continued)**

**FS 2018-002 – Purchase Orders and Payment Authorization (Significant Deficiency) Repeated and Revised (Continue)**

In the prior year's audit, there were 9 instances where the purchase was completed prior to a purchase order was authorized, 1 instance where the check and invoice did not match, and 3 instances where there was no receipt.

Overall, the District did not make improvements with regards to purchase order creation prior to commitment of funds or to receiving documentation on the related supporting documentation.

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

**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 that a purchase order must be approved prior to the receipt of goods, and that all goods and services should be signed for indicating when items were received by whom and that the goods and services match the information in the purchase order.

**Responsible official's view:**

- Specific corrective action plan for finding:

**At the beginning of the school year the Business Manager and the Superintendent will conduct a training with all school staff where they will familiarize staff members with District and State procurement laws. Each staff member will be given examples of blank forms for procurement. Staff will be required to sign an affidavit attesting to their understanding of the District's procurement procedures. The affidavit will be filed in their personnel file.**

- Timeline for completion of corrective action plan:

**Immediately**

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

**Assistant Business Manager and Business Manager with oversight by the Superintendent.**

**Section II – Financial Statement Findings (Continued)**

**FS 2019-001 – Improper Recording and Maintenance of Fixed Assets (Significant Deficiency)**

***Criteria: 2.20.1.8 NMAC 1978 FIXED ASSET ACCOUNTING SYSTEM:***

- A. **Agencies should implement systematic and well-documented methods for accounting for their fixed assets. A computerized system is recommended, with appropriate controls on access and authorization of transactions.**
- B. **The information to be recorded and maintained on its fixed assets, must include at a minimum the following:**
1. agency name or commonly used initials used to identify the agency;
  2. fixed asset number or fixed asset number plus component number;
  3. a description using words meaningful for identification;
  4. location, specifically a building and room number. If the asset is movable, the name and location of the fixed asset coordinator should be used;
  5. manufacturer name (NOT the vendor's name, unless vendor is the manufacturer);
  6. model number or model name;
  7. serial number, or vehicle identification number (VIN) for vehicles in agency's use & possession. If the fixed asset has no serial number, e.g., a custom-built asset, absence should be acknowledged by coding this as "none";
  8. estimated useful life or units expected to be produced;
  9. date acquired (month and year)
  10. cost (according to the valuation methods described in section 10 [now 2.20.1.10 NMAC];
  11. fund and organization that purchased the asset, or to which it was transferred.
- C. **The system must be capable of generating lists of fixed assets in sequences useful for managing them. It must track all transactions including acquisitions, depreciation (if needed), betterments and dispositions. It must generate all necessary accounting entries to the agency's general ledger.**

**12-6-10 NMSA 1978 Annual Inventory.**

- A. **The governing authority of each agency shall, at the end of each fiscal year, conduct a physical inventory of movable chattels and equipment costing more than five thousand dollars (\$5,000) and under the control of the governing authority.** This inventory shall include all movable chattels and equipment procured through the capital program fund under Section [15-3B-16](#) NMSA 1978, which are assigned to the agency designated by the director of the property control division of the general services department as the user agency. The inventory shall list the chattels and equipment and the date and cost of acquisition. No agency shall be required to list any item costing five thousand dollars (\$5,000) or less. **Upon completion, the inventory shall be certified by the governing authority as to correctness.** Each agency shall maintain one copy in its files. At the time of the annual audit, the state auditor shall satisfy himself as to the correctness of the inventory by generally accepted auditing procedures.

**Condition:** During our review of fixed asset detail we noted the following instances in which proper procedures were not followed:

- The District is not completing an annual fixed assets inventory in the transportation department. A bus was transferred to another District several years ago and was still appearing on the fixed asset detail.

**Cause:** The transportation department has not been verifying that the items listed on the fixed asset inventory are still in the District's possession.

STATE OF NEW MEXICO  
WAGON MOUND PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

**Section II – Financial Statement Findings (Continued)**

**FS 2019-001 – Improper Recording and Maintenance of Fixed Assets (Significant Deficiency) Continued**

*Effect:* Fixed assets are misstated in previous financial statements and not all assets have been properly recorded and tracked in the fixed asset inventory system

*Auditors' Recommendation:* We recommend the District ensure that staff are actually doing a physical inspection of fixed assets to ensure the asset inventory accurately reflects reality.

*Responsible official's view:*

- Specific corrective action plan for finding:

**The Transportation Department and the Business Office will collaborate to make sure that an accurate physical inventory is done on an annual basis by comparing the records from the accounting system to the physical location of those assets. The Transportation Department/Maintenance Department will be charged with the physical inventory of those items, while the Business Office will be charged with maintaining the records on the accounting system.**

- Timeline for completion of corrective action plan:

**December 31, 2019**

- Employee position(s) responsible for meeting the timeline

**Head of Maintenance, Business Manager with oversight from the Superintendent**

STATE OF NEW MEXICO  
WAGON MOUND PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

**Section II – Financial Statement Findings (Continued)**

**FS 2019-002 [NM 2018-003] – Improper Cash Receipting Procedures (Significant Deficiency) Repeated and Revised**

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.

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

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

- A deposit of \$721.75 is a collection of receipts received over an undeterminable amount of time as receipts are not being issued when money is received. Food service is collecting payments over several months before making a deposit. As an example, one check is dated 8/8/18 but was not deposited until 10/16/18. In a second instance a check dated 10/30/18 was not deposited until 12/6/18.

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

- In 6 of 19 items tested there was no receipt issued for money received. The amounts of the deposits was as follows:
  - A deposit on 12/18/18 for \$20.00 had no receipt issued.
  - A deposit on 1/11/19 for \$218.00 had no receipt issued.
  - A deposit on 3/6/19 for \$778.00 had no receipt issued.
  - A deposit on 3/7/19 for \$23.00 had no receipt issued.
  - A deposit on 5/30/19 for \$34.00 had no receipt issued.
  - A deposit on 5/7/19 for \$500.00 had no receipt issued.
- In 4 of 19 items tested the deposit was not made within 24 hours of receipt
  - \$20.00 was received on 11/13/18 and was deposited on 11/15/18
  - \$5.00 was received on 12/4/18 and was deposited on 12/10/18
  - \$1,047.00 was deposited on 11/9/18 and had checks dated as early as 10/23/18
  - \$93.00 was deposited on 5/23/19 and had receipts dated on both 5/21/19 and 5/22/19

In the prior year's audit, there were 6 instances in which no receipt was issued for cash receipts.

The District actually had a few more instances of deposits after the required 24-hour period in the current year as compared to the prior year and made no progress on the number of receipts not written in the current year as compared to the prior year.

**Cause:** The District did not issue receipts for money received from their activity accounts as required by statute and failed to deposit all monies received within 24 hours.



STATE OF NEW MEXICO  
WAGON MOUND PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

**Section II – Financial Statement Findings (Continued)**

**FS 2019-002 [NM 2018-003] – Improper Cash Receipting Procedures (Significant Deficiency) Repeated and Revised**

*Effect:* Non-adherence to state statutes places the District in noncompliance and could subject the District to a possible occurrence of fraud and misappropriation of funds.

*Auditors' Recommendations:* We recommend that the District emphasize the importance of issuing receipts for all money received and not holding funds, even if just checks, over long periods of time.

***Responsible Official's Plan:***

- Specific corrective action plan for finding:

**The Food Service receipting has been addressed with the employee collecting the funds. A receipt book has been issued and training has been conducted to address the depositing of collected revenues within 24 hours. Additional training has taken place with regards to the issuance of receipts for all transactions. Deposits that are accepted at the Business Office must be accompanied by a receipt from the sponsor before funds are accepted and routed to the bank.**

- Timeline for completion of corrective action plan:

**Immediately**

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

**Food Service Clerk, Activity Sponsors, Assistant Business Manager, Business Manager with oversight from the Superintendent**

STATE OF NEW MEXICO  
WAGON MOUND PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

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

**NM 2017-001 [2017-001] – Background Checks (Other Non-compliance) Repeated and Revised**

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

A. As used in this section, "ethical misconduct" means unacceptable behavior or conduct engaged in by a licensed school employee and includes inappropriate touching, sexual harassment, discrimination and behavior intended to induce a child into engaging in illegal, immoral or other prohibited behavior.

B. An applicant for initial licensure shall be fingerprinted and shall provide two fingerprint cards or the equivalent electronic fingerprints to the department **to obtain the applicant's federal bureau of investigation record**. Convictions of felonies or misdemeanors contained in the federal bureau of investigation record shall be used in accordance with the Criminal Offender Employment Act [[28-2-1](#) through [28-2-6](#) NMSA 1978]. Other information contained in the federal bureau of investigation record, if supported by independent evidence, may form the basis for the denial, suspension or revocation of a license for good and just cause. Records and related information shall be privileged and shall not be disclosed to a person not directly involved in the licensure or employment decisions affecting the specific applicant. The applicant for initial licensure shall pay for the cost of obtaining the federal bureau of investigation record.

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

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

**Condition:** During our review of personnel files we noted the following instances in which there was insufficient documentation:

- 4 of 16 personnel files reviewed the District did not have a background check in the file when reviewed in June 2019. By September 3 of the 4 employees had a background check in their file.

In the previous year's audit, there was 1 instance where there was not background check in the file.

There were more instances discovered in the current year than the prior year with regards to background checks. This doesn't mean that the District is actually doing worse as these weren't new employees. What it does mean is the District will probably continue to have this issue until it does a complete and thorough review of all employees in the District who didn't get proper FBI background checks when they were hired. Until all old employee files are corrected it will be difficult to determine the progress in this area.

**Cause:** The District has not followed State guidelines regarding documentation of background checks.

STATE OF NEW MEXICO  
WAGON MOUND PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

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

**NM 2017-001 [2017-001] – Background Checks (Other Non-compliance) Repeated and Revised (Continued)**

***Effect:*** The District’s failure to maintain a background check report in the employee file is a violation of state statute and puts the District and school at additional risk of liability for any actions that may arise regarding employee conduct and does not comply with state regulations.

***Auditor’s Recommendation:*** We recommend that the District establish a policy regarding background checks and ensuring they are properly maintained within the employee personnel file. If a valid background check does not exist in the file a new background check should be completed.

***Responsible Official’s View:***

- Specific corrective action plan for finding:

**A review of the employee personnel files will be conducted that includes verification of proper documentation in each file.**

- Timeline for completion of corrective action plan:

**December 31, 2019**

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

**Administrative Specialist, Business Manager with oversight from the Superintendent**

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

**NM 2018-001 – I-9 and W-4 Documentation (Other Non-compliance) Repeated and Revised**

***Criteria: 6.20.2.18 NMAC 1978 PAYROLL:***

The local board shall establish written payroll policies and procedures which comply with state and federal regulations on payroll as well as maintaining strict internal controls, close supervision and financial accounting in accordance with GAAP. **School districts shall maintain and have available for inspection the following employee record documentation: employment contracts (including increments), personnel/payroll action forms, certification records, employment eligibility verification (federal form I-9 for citizenship certification), federal and state withholding allowance certificates, pay deduction authorizations, pay or position change notices, Educational Retirement Act plan application, and direct deposit authorizations.**

**IMMIGRATION REFORM AND CONTROL ACT OF 1986:**

Form I-9 is used for verifying the identity and employment authorization of individuals hired for employment in the United States. **All U.S. employers must ensure proper completion of Form I-9 for each individual they hire for employment in the United States.** This includes citizens and noncitizens. Both employees and employers (or authorized representatives of the employer) must complete the form. On the form, an employee must attest to his or her employment authorization. **The employee must also present his or her employer with acceptable documents evidencing identity and employment authorization. The employer must examine the employment eligibility and identity document(s) an employee presents to determine whether the document(s) reasonably appear to be genuine and to relate to the employee and record the document information on the Form I-9. Employers must retain Form I-9 for a designated period and make it available for inspection by authorized government officers.** NOTE: State agencies may use Form I-9.

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

- In 1 of 15 personnel files reviewed the employee did not date the W-4 form.
- In 1 of 15 personnel files reviewed there was no I-9 form in the employee file at all.
- In 3 of 15 personnel files reviewed the employee failed to date the I-9 form.

In the prior year's audit, there was 1 instance in which the I-9 files did not have both forms of ID and 2 instances where employees did not date the I-9.

The District is in about the same place with this finding as the prior year. Again, it is difficult to determine progress as these issues related to documentation in the files for employees who have been in the District for years. Until that documentation is cleared up in the old files it will be difficult to determine if all proper documentation is being obtained for new employees and proper procedures are in place.

**Cause:** District, State, and Federal policies are not being followed or reviewed to ensure proper execution.

**Effect:** The District is in a violation of NMAC 6.20.2.18 and the Immigration Reform and Control Act of 1986.

**Auditor's Recommendation:** We recommend that the District follow the corrective action plan set forth in the Immigration Reform and control Act of 1986 and request that the employee complete section 1 of the Form I-9 immediately and submit documentation as required in Section 2. The new form should be dated when completed-never postdated. When an employee does not provide acceptable documentation, the employer must terminate employment or risk being subject to penalties for "knowingly" continuing to employ an unauthorized worker if the individual is not in fact authorized to work.

**STATE OF NEW MEXICO**  
**WAGON MOUND PUBLIC SCHOOLS**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Schedule X

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

**NM 2018-001 – I-9 and W-4 Documentation (Other Non-Compliance) Repeated and Revised (Continued)**

***Responsible Official's Plan:***

- Specific corrective action plan for finding:

**A review of employee I-9 documentation as well as employee W-4 documentation will be conducted. Employees who have incomplete, or missing documentation will be required to submit the correct information to complete their files.**

- Timeline for completion of corrective action plan:

**December 31, 2019**

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

**Administrative Specialist, Business Manager and Superintendent**

STATE OF NEW MEXICO  
WAGON MOUND PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

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

**NM 2018-002 – Improper Reimbursement of Travel Expense (Other Non-compliance) Repeated and Revised**

**Criteria: 2.42.2.8 NMAC 1978 PER DIEM RATES PRORATION:**

A. **Applicability:** Per diem rates shall be paid to public officers and employees only in accordance with the provisions of this section. Per diem rates shall be paid without regard to whether expenses are actually incurred. Where lodging and/or meals are provided or paid for by the agency, the governing body, or another entity, the public officer or employee is entitled to reimbursement only for actual expenses under 2.42.2.9 NMAC.

B. **Per diem rate computation:** Except as provided in Subsections C through I of this Section, per diem rates for travel by public officers and employees shall be computed as follows:

(1) **Partial day per diem rate:** Public officers or employees who occasionally and irregularly travel shall be reimbursed for travel which does not require overnight lodging, but extends beyond a normal work day as follows:

- (a) for less than 2 hours of travel beyond normal work day, none;
- (b) for 2 hours, but less than 6 hours beyond the normal work day, \$12.00;
- (c) for 6 six hours, but less than 12 hours beyond the normal work day, \$20.00;
- (d) for 12 hours or more beyond the normal work day, \$30.00;
- (e) “Occasionally and irregularly” means not on a regular basis and infrequently as determined

by the agency. For example, an employee is not entitled to per diem rates under this subparagraph if the employee either travels once a week or travels every fourth Thursday of the month. However, the employee is entitled to per diem rates under this subparagraph if the employee either travels once a month with irregular destinations and at irregular times or travels four times in one month and then does not travel again in the next two months, so long as this is not a regular pattern.

(f) **“Normal work day” means 8 hours within a nine-hour period for all public officers and employees both salaried and nonsalaried, regardless of the officers’ or employees’ regular work schedule.**

(2) **Overnight travel:** Regardless of the number of hours traveled, travel for public officers and employees where overnight lodging is required shall be reimbursed as follows:

- (a) in state areas \$85.00
- (b) in state special areas \$135.00
- (c) out of state areas \$115.00;
- (d) or actual lodging and meal expenses under 2.42.2.9 NMAC.

(3) **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. Divide the number of hours traveled by 24. The hours remaining constitute the partial day which shall be reimbursed as follows:

- (a) for less than 2 hours, none;
- (b) for 2 hours, but less than 6 hours, \$12.00;
- (c) for 6 hours or more, but less than 12 hours, \$20.00;
- (d) for 12 hours or more, \$30.00.

**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.

STATE OF NEW MEXICO  
WAGON MOUND PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

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

**NM 2018-002 – Improper Reimbursement of Travel Expense (Other Non-compliance) Repeated and Revised (Continued)**

(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 1 of 25 items tested the District did not reimburse the employee the proper amount. An employee had two same day travel reimbursements. The District paid an employee \$30 for 12 hours of travel without considering the time was not 12 hours in excess of their normal workday.

During last year's audit there were 2 instances in which employees were not properly reimbursed.

As such, the District has made progress in this area reducing the issues identified from two instances to one instance.

**Cause:** The District did not properly calculate the per diem rate for travel.

**Effect:** The District did not properly pay an employee the per diem rate.

**Auditor's Recommendation:** We recommend that management ensure that they are reimbursing employees properly for qualified expenses and have employees sign the travel forms after they have returned from their travel.

**Responsible Official's View:**

- Specific corrective action plan for finding:

**The travel forms will be revised to include an affidavit of return of travel that requires employee signature.**

- Timeline for completion of corrective action plan:

**July 1, 2019**

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

**Assistant Business Manager, Business Manager and Superintendent**

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

**NM 2019-001 – Improper Approval of Budget Adjustment (Other Non-compliance)**

**Criteria:** [6.20.2.10 NMAC 1978](#) BUDGET MAINTENANCE STANDARDS:

A. Budget adjustment requests shall be submitted on the most current form prescribed by the department. The school district shall maintain a log of all budget adjustment requests to account for status, numerical sequence, and timely approval at each level. The log is to be retained for audit purposes.

B. School districts shall submit budget adjustment requests for the operating budget to the department for budget increases, budget decreases, transfers between functional categories, and transfers from the emergency reserve account. The department must take action on budget adjustment requests within 30 calendar days from the date of receipt by the department or such requests will otherwise be considered approved. Expenditures shall not be made by the school district until budget authority has been established and approval received from the department. **Budget adjustments shall not be incorporated into the school district's accounting system until approval is received by the department.**

**Condition:** During our testing of budget adjustment requests, we discovered 2 instances in which the District entered the budget adjustment into their accounting program prior to approval from the School Board.

**Cause:** The District recorded the adjustment on 5/30/2019 and 6/28/2019 but the adjustment was not submitted to the Board for approval.

**Effect:** The budget adjustment has not been properly authorized according to statute.

**Auditor's Recommendation:** We recommend that the District ensure that all budget adjustments are not recorded in the ledger until after approval from the Board and PED has been completed.

**Responsible Official's Plan:**

- Specific corrective action plan for finding:

**A review of the board packets will be conducted prior to the board meetings to ensure accuracy and completeness of documentation. A review of the board minutes will be conducted prior to the presentation and approval of the minutes at the following board meeting.**

- Timeline for completion of corrective action plan:

**Immediately**

- Employee position(s) responsible for meeting the timeline

**Administrative Specialist, Business Manager with oversight by the Superintendent**



STATE OF NEW MEXICO  
WAGON MOUND PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

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

**NM 2019-002 – Improper Cash Controls Outstanding Warrants (Other Non-compliance)**

***Criteria: 6.20.2.14 NMAC 1978: CASH CONTROL STANDARDS:***

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

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

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

**6-10-57 NMSA 1978 Cancellation of Warrants:**

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

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

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

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

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

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

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

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

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

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

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

- The District had a stale dated check for \$56.00 dated 4/27/18 which had not been voided according to the above standards at 6/30/19

STATE OF NEW MEXICO  
WAGON MOUND PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2019

Schedule X

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

**NM 2019-002 – Improper Cash Controls Outstanding Warrants (Other Non-Compliance) (Continued)**

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

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

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

***Responsible Official's Plan:***

- Specific corrective action plan for finding:

**A review of all outstanding check listings will be conducted on a monthly basis. Any checks that appear on the listing that remain unpaid after one year will be voided in the accounting system and presented to the Board of Education for review and approval.**

- Timeline for completion of corrective action plan:

**July 1, 2019**

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

**Business Manager with oversight from the Superintendent**

**STATE OF NEW MEXICO**  
**WAGON MOUND PUBLIC SCHOOLS**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Schedule X

**Section IV – Prior Year Audit Findings**

**Financial Section Findings**

FS 2018-001 – Failure to Follow Proper Internal Controls Related to Payroll – Resolved  
FS 2018-002 – Purchase Orders and Payment Authorizations – Repeated and Revised

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

NM 2016-001 [2016-001] Improper Management of Student Activity Funds – Resolved  
NM 2017-001 [2017-001] Background Checks and Licensure – Repeated and Revised  
NM 2018-001 – I-9 Documentation – Repeated and Revised  
NM 2018-002 – Improper Reimbursement of Travel Expense – Repeated and Revised  
NM 2018-003 – Improper Cash Receipting Procedures – Repeated and Revised – Renumbered FS 2019-002  
NM 2018-004 – Failure to Assign Statutory Preference – Resolved  
NM 2018-005 – Budgetary Controls and Cash Appropriations – Resolved

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

**Section V – Other Disclosures**

Auditor Prepared Financials

Manning Accounting and Consulting Services, LLC assisted in the preparation of the financial statements presented in this report. 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.

Exit Conference

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

Wagon Mound Public Schools

Anita Romero, Superintendent  
Tom Herrera, Board President  
Teresa Casias, Business Manager  
Claudia Martinez, Assistant Business Manager

Manning Accounting and Consulting Services, LLC

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