

STATE OF NEW MEXICO
RIO RANCHO
PUBLIC SCHOOL DISTRICT NO. 94

ANNUAL FINANCIAL REPORT
AND
SUPPLEMENTAL INFORMATION
YEAR ENDED JUNE 30, 2019
WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

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INTRODUCTORY SECTION
OF
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

ANNUAL FINANCIAL REPORT
FISCAL YEAR 2019

JULY 1, 2018 THROUGH JUNE 30, 2019



Our district was established in 1994 and currently consists of a preschool, ten elementary schools, four middle schools, three high schools, and the Rio Rancho Cyber Academy that features a “blended learning” model. Rio Rancho Public Schools is proud to be a part of the larger Rio Rancho community that plays a vital role in our students' and families' lives.

Our Mission

Rio Rancho Public Schools is dedicated to graduating students who are responsible, ethical, and productive citizens, equipped with a solid foundation for individual success.

Our Vision

Find and develop the potential in every student for his or her passion, growth, and achievement.

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OFFICIAL ROSTER

June 30, 2019

BOARD OF EDUCATION

Catherine Cullen	President
Ramon Montaña	Vice-President
Wynne D. Coleman	Secretary
Ryan Parra	Member
Katherine Covey	Member

SCHOOL OFFICIALS

Dr. V. Sue Cleveland	Superintendent
Carl Leppelman	Assoc. Superintendant C&I
Mike Baker	Chief Operating Officer
Arlene Manzanares	Exec. Dir. Of Finance
Melanie Archibeque	Exec. Dir of Facilities
Susan Passell, Ed. D.	Exec. Dir of H.R.
Jerry Reeder	Exec Dir of Special Services
Maurice Ross	Exec. Dir of Transportation

AUDIT COMMITTEE

Dr. V. Sue Cleveland	Member
Ramon Montaña	Chairman
Connie Peterson	Member
Wynne Coleman	Member
Kelly Wainwright	Member
Michael Baker	Member
Arlene Manzanares	Member

FINANCE COMMITTEE

Dr. V. Sue Cleveland	Superintendant
Catherine Cullen	President
Ramon Montaña	Member
Wynne D. Coleman	Member
Ryan Parra	Member
Katherine Covey	Member

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FINANCIAL SECTION
OF
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

ANNUAL FINANCIAL REPORT
FISCAL YEAR 2019
JULY 1, 2018 THROUGH JUNE 30, 2019



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INDEPENDENT AUDITORS' REPORT

Brian S. Colón, Esq., State Auditor and
The Board of Education and Audit Committee of
Rio Rancho Public School District No. 94

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 comparison for the general fund of Rio Rancho Public School District No. 94, as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise Rio Rancho Public School District No. 94 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 Rio Rancho Public School District No. 94's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Rio Rancho Public School District No. 94, as of June 30, 2019, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Brian S. Colón, Esq., State Auditor and
The Board of Education and Audit Committee of
Rio Rancho Public School District No. 94

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7-12. Accounting principles generally accepted in the United States of America also require that the Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions for pensions and OPEB on pages 59-61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rio Rancho Public School District No. 94's basic financial statements. The supplemental information such as the combining and individual general fund financial statements, the combining and individual nonmajor fund financial statements, and the other information, such as the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the other schedules required by 2.2.2.NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards and other schedules 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 the auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures and other schedules required by 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 7, 2019 on our consideration of the Rio Rancho Public School District No. 94's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Rio Rancho Public School District No. 94's internal control over financial reporting and compliance.

Accounting & Financial Solutions, LLC
Farmington, New Mexico
October 7, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

AS OF AND FOR THE YEAR ENDED
JUNE 30, 2019

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The Management's Discussion and Analysis of the fiscal performance of the Rio Rancho Public School District No. 94 (the "District") for the period ending June 30, 2019 represents the District's thirteenth year of implementation of the Government Accounting Standards Board Statement No. 34 (GASB 34).

Introduction

The discussion and analysis of Rio Rancho Public School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Furthermore, readers of the discussion and analysis should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2019 are as follows:

- The school district has successfully maintained the financial reporting processes as required by the Governmental Accounting Standards Board Statement No. 34.
- Total assets of governmental activities increased \$9,694,149 or 2.29% and deferred outflows decreased \$19,104,782 or 16.48%.
- Total liabilities of governmental activities increased \$27,010,942 or 4.69% and deferred inflows increase \$4,688,656 or 17.77%.
- The District had \$225,321,575 in expenses related to governmental activities; \$27,821,877 of these expenses were offset by program specific charges for services and sales, grants, and contributions. General revenues, primarily State Equalization Guarantee, property taxes, grants, and unrestricted investment income of \$156,389,467 were adequate to provide for these programs.
- The District's net position decreased by \$41,110,231.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, or as an entire operating entity.

The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in a single column. For the District, the General Fund is the most significant fund.

Statement of Net Position and Statement of Activities

While this report contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2019?" The statement of net position and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash was received or paid.

These two statements report the District's net position and changes in net position. This change in net position is important because it identifies whether the financial position of the District has improved or diminished for the District as a whole. The cause of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the District's property tax base, facility conditions, required educational programs, and other factors.

In the statement of net position and the statement of activities, all of the District's activities are reported in one column. The column is labeled:

Governmental Activities - All of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.

The Statement of Activities (page 16) reflects the total cost and the net cost of services. The Statement indicates the cost of program services, charges for services, the operating and capital grants and contributions offsetting those services. It also identifies the cost of these services supported by revenues from state entitlements.

The dependence upon revenues from the State of New Mexico for governmental activities is apparent. Over 64.7% percent of district revenues are being spent on Direct Instruction versus 57.25% in the prior year.

District's Net Position

	<u>Governmental Activities</u>		
	<u>FY 2019</u>	<u>FY 2018</u>	<u>Variance</u>
Assets:			
Current assets	\$ 86,190,062	\$ 89,211,155	\$ (3,021,093)
Capital assets, net of accumulated depreciation	325,996,777	322,664,300	3,332,477
Other non-current assets	20,823,474	11,440,709	9,382,765
<u>Total assets</u>	<u>433,010,313</u>	<u>423,316,164</u>	<u>9,694,149</u>
Deferred outflows of resources:			
Deferred loss on extinguishment of debt	-	1,328,743	(1,328,743)
Deferrals related to pension plan and OPEB	96,857,289	114,633,328	(17,776,039)
<u>Total deferred outflows of resources</u>	<u>96,857,289</u>	<u>115,962,071</u>	<u>(19,104,782)</u>
<u>Total Assets and Deferred Outflows of Resources</u>	<u>\$ 529,867,602</u>	<u>\$ 539,278,235</u>	<u>\$ (9,410,633)</u>
Liabilities:			
Current liabilities	35,119,346	34,465,723	\$ 653,623
Aggregate net pension and OPEB liabilities	453,309,425	427,183,984	26,125,441
Other non-current liabilities	114,479,401	114,247,523	231,878
<u>Total liabilities</u>	<u>602,908,172</u>	<u>575,897,230</u>	<u>27,010,942</u>
Deferred inflows of resources:			
Deferrals related to pension plan and OPEB	31,073,636	26,384,980	4,688,656
<u>Total deferred inflows of resources</u>	<u>31,073,636</u>	<u>26,384,980</u>	<u>4,688,656</u>
Net position:			
Net investment in capital assets	239,102,786	238,959,766	143,020
Restricted	26,310,104	24,126,386	2,183,718
Unrestricted	(369,527,096)	(326,090,127)	(43,436,969)
<u>Total net position</u>	<u>(104,114,206)</u>	<u>(63,003,975)</u>	<u>(41,110,231)</u>
<u>Total Liabilities, Deferred Inflows of Resources, and Net Position</u>	<u>\$ 529,867,602</u>	<u>\$ 539,278,235</u>	<u>\$ (9,410,633)</u>

District's Changes in Net Position

	Governmental Activities		
	FY2019	FY2018	Variance
Revenues:			
Program Revenues:			
Charges for services	\$ 5,167,398	\$ 5,262,884	\$ (95,486)
Operating grants & contributions	19,008,260	18,457,502	550,758
Capital grants & contributions	3,646,219	921,377	2,724,842
General Revenues:			
Property taxes	25,134,729	23,993,507	1,141,222
State equalization guarantee	130,491,942	126,939,621	3,552,321
Grants and contributions not restricted	586,740	-	586,740
Unrestricted earnings from investments	130,484	380,614	(250,130)
Miscellaneous Income	45,572	155,532	(109,960)
Total Revenues	\$ 184,211,344	\$ 176,111,037	\$ 8,100,307
Expenses:			
Direct instruction	\$ 144,428,728	\$ 118,303,215	\$ 26,125,513
Support Services	33,837,752	41,959,584	(8,121,832)
Central services	5,214,800	6,322,261	(1,107,461)
Operations and maintenance	25,593,802	24,286,100	1,307,702
Student transportation	4,706,951	5,554,332	(847,381)
Other support services	84,828	-	84,828
Non-instructional services			
Food services	6,941,048	6,733,075	207,973
Community services	552	9,030	(8,478)
Interest on long-term obligations	4,513,114	3,246,443	1,266,671
Debt issuance costs	-	216,750	(216,750)
Total Expenses	\$ 225,321,575	\$ 206,630,790	\$ 18,690,785
Increase/(Decrease) in net position	\$ (41,110,231)	\$ (30,519,753)	\$ (10,590,478)
Net position - Beginning	\$ (63,003,975)	\$ 75,910,825	\$ (138,914,800)
Restatement	-	(108,395,047)	108,395,047
Net position - Restated	\$ (63,003,975)	\$ (32,484,222)	\$ (30,519,753)
Net position - Ending	\$ (104,114,206)	\$ (63,003,975)	\$ (41,110,231)

Government-wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows were exceeded by liabilities and deferred inflows by \$104,114,206 at the close of the most recent fiscal year. By far the largest portion of the District's net position reflects its investment in capital assets, less any debt used to acquire those assets that is still outstanding. The District uses these assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's net position decreased by \$41,110,231 during the current fiscal year. At the end of the current fiscal year, the District is able to report positive balances in two of three categories of net position for the government as a whole. The same situation held true for the prior fiscal year. The deficit balance in the unrestricted net position for both years is due to the pension and OPEB related liabilities.

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources of \$199,763,405 and expenditures and other financing uses of \$193,563,765. The net change in fund balance for the year was an increase of \$6,199,640. Approximately 98% of the total fund balances of the governmental funds constitute spendable fund balance, which is available for spending at the government's discretion. The remainder of fund balance is not spendable to indicate that it is not available for new spending because it has already been committed to the purchase of inventories, per Balance Sheet-Governmental Funds.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's only major governmental funds are the General Fund, Bond Building Fund, and Debt Service Fund.

Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal yearend for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship, or differences, between governmental activities reported in the statement of net position and the statement of activities and the governmental funds is reconciled in the financial statements. The general fund is the chief operating fund of the District. As of June 30, 2019, spendable fund balance of the general fund was \$18,789,935. Nonspendable fund balance of the general fund was \$113,664. As a measure of the general fund's liquidity, it may be useful to compare the spendable fund balance to total fund expenditures. Spendable fund balance of the general fund represents 14% of total general fund expenditures.

The fund balance of the District's general fund increased by \$4,885,017 during the current fiscal year due to the District expanding spending less for Instruction and Support Services while receiving more State Equalization Guarantee income.

The bond building fund has total spendable fund balance of \$42,140,865, all of which is restricted for capital acquisitions and improvements. The total fund balance of the bond building fund increased by \$68,921 in the current fiscal year due to the receipt of bond proceeds and an increase in the capital expenditures from the prior year.

The debt service fund has a total spendable fund balance of \$21,066,359, all of which is restricted for the payment of debt service. The net increase of \$1,872,788 in fund balance during the current year resulted from a slight increase in debt proceeds offset by debt service expenditures.

General Fund Budgeting Highlights

The District's budget is prepared according to New Mexico law and Public Education Department Regulations and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal 2019, the District amended its budget as needed.

For the General Fund, final budgeted revenues and other financing sources are less than budgeted expenditures by \$14,028,301.

Expenditures and other financing uses were budgeted at \$149,614,324, while actual expenditures were \$131,016,755. The difference between budget and actual expenditures was due to less spending in salaries, substitutes, and other expenses and other budgetary items throughout the year.

Actual revenues for the general fund were \$136,141,358 and revenues from state sources constitute 98.55% of the total. Actual revenues exceeded actual expenditures by \$5,124,603.

Capital Assets

At the end of fiscal 2019, the District had \$ 325,996,777 invested in capitalized assets with associated accumulated depreciation of \$145,408,048. Activity in the capital asset accounts is reported on page 41 in notes to the financial statements. As part of the District's adoption of the GASB Statement 34 reporting model, the value of District owned land and buildings were adjusted to correspond to historical cost or to appraised value (if historical cost was not available).

Debt

At June 30, 2019, the District had outstanding bonds payable of \$121,135,000. The District issued \$15,000,000 of new bonds in October 2018. These bonds were issued to fund various capital projects and the refunding of older bonds. Details of the activity in the long-term debt accounts of the District can be found in the notes to the financial statements page 43.

Future Trends

Rio Rancho Public Schools (RRPS) came into being as the result of its community's insistence on excellence in education and its desire to control the educational destiny of its children. It is an experiment in grassroots development, with "exceeds expectations" results.

In 1994, residents of Rio Rancho successfully petitioned the state to create an independent Rio Rancho school district. The district opened with 5,900 students and seven schools it inherited from two school districts: Albuquerque Public Schools, and Jemez Valley Public Schools. As Rio Rancho experienced exponential growth the school district followed suit, adding more and more facilities to accommodate increasing enrollment. Today, RRPS students attend 19 schools and our original 5,900-student population is approaching 18,000, making RRPS the third-largest school district in the state of New Mexico.

To serve its community, RRPS has one preschool (3 and 4-year-olds), ten elementary schools (K-5), four middle schools (6-8) and four high schools (9-12). An additional elementary school and a replacement for our aging preschool will open in the fall of 2020.

More than 2,500 RRPS staff members work diligently to meet student needs, with educational options serving an increasingly diverse population. These include traditional schools, a grade 6-12 Cyber Academy, an elementary Montessori program, dual credit partnerships with CNM and UNM, a growing number of career-technical options, an alternative high school and many specialized programs.

In 2016, RRPS staff, parents, students, and business and community members met to develop "Portrait of a Graduate," defining the characteristics for success all graduates should possess and the skills our students need to pursue the college or career of their choice. Combined with the Strategic Plan, also developed in 2016, we developed a detailed "road map" for every graduate's success that continues to guide the district. In 2018, more than 85% of RRPS seniors graduated "on time" in four years.

Specific future trends include implementation of "Future Ready" (using technology to support student goals); the continued integration of Common Core State Standards; personalized learning through a viable curriculum; a continued emphasis on Advanced Placement and dual- credit courses that allow students to earn both high school and college credit; and expansion of career-technical course opportunities.

While state test reports are important, RRPS focuses on a holistic educational strategy that addresses the whole student and not just results on an annual assessment. We strive to develop students who will one day take their place in the community, helping Rio Rancho continue to grow and to be a great place to live, work, and raise families.

Contacting the District's Financial Management

The financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to:

Arlene Manzanares
Executive Director of Finance
500 Laser Rd. NE
Rio Rancho, NM 87124
arlene.manzanares@rrps.net
(505) 896-0667

BASIC FINANCIAL STATEMENTS
OF
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

AS OF AND FOR THE YEAR ENDED
JUNE 30, 2019

STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

STATEMENT OF NET POSITION
June 30, 2019

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 27,072,232
Investments	50,724,428
Receivables:	
Delinquent property taxes receivable	1,582,529
Grant	5,950,482
Interest	130,455
Other receivables	173,155
Due from other governments	231,450
Supplies inventory	243,424
Food inventory	81,907
Non-current:	
Restricted cash	20,823,474
Non-depreciable assets	23,262,612
Depreciable capital assets, net	<u>302,734,165</u>
Total Assets	<u>433,010,313</u>
 Deferred Outflows of Resources:	
Contributions to pension subsequent to the measurement date	12,568,362
Difference between expected and actual pension experience	263,145
Net difference between projected and actual investment earnings on pension plan investments	798,176
Net change in pension assumptions	74,308,612
Net change in proportionate share of pension liability	1,630,996
Contributions to OPEB subsequent to the measurement date	1,806,475
Net change in proportionate share of OPEB liability	<u>5,481,523</u>
Total Deferred Outflows of Resources	<u>\$ 96,857,289</u>

(cont'd; 1 of 2)

STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

STATEMENT OF NET POSITION
June 30, 2019

	<u>Governmental Activities</u>
Liabilities	
Accounts payable	\$ 2,934,631
Accrued salaries	15,550,055
Accrued interest	1,371,377
Compensated absences	838,283
Long-term liabilities other than pensions:	
Due within one year	14,425,000
Due in more than one year	114,479,401
Aggregate net pension liability	360,554,668
Aggregate OPEB liability	<u>92,754,757</u>
Total Liabilities	<u>602,908,172</u>
 Deferred Inflows of Resources	
Difference between expected and actual pension experience	6,861,935
Net change in proportionate share of pension liability	245,579
Difference between expected and actual OPEB experience	5,491,676
Net difference between projected and actual investment earnings on OPEB plan investments	1,157,545
Net change in OPEB assumptions	<u>17,316,901</u>
Total Deferred Inflows of Resources	<u>31,073,636</u>
 Net Position	
Net investment in capital assets	239,102,786
Restricted for:	
Inventories	325,331
Special revenue funds	3,197,981
Capital projects	1,928,191
Debt service	20,858,601
Unrestricted	<u>(369,527,096)</u>
Total Net Position	<u>\$ (104,114,206)</u>

(2 of 2)

STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

STATEMENT OF ACTIVITIES
 Year Ended June 30, 2019

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:					
Governmental activities:					
Instruction	\$ 144,428,728	\$ 2,144,676	\$ 11,051,573	\$ 2,407,484	\$ (128,824,995)
Support Services - Students	17,348,501	181,344	1,327,494	-	(15,839,663)
Support Services - Instruction	2,975,272	-	227,665	-	(2,747,607)
Support Services - General Administration	5,168,867	-	395,518	6,777	(4,766,572)
Support Services - School Administration	8,345,112	-	638,561	-	(7,706,551)
Central Services	5,214,800	-	399,032	-	(4,815,768)
Operations & Maintenance of Plant	25,593,802	-	1,958,418	1,231,958	(22,403,426)
Student Transportation	4,706,951	-	3,003,466	-	(1,703,485)
Other Support Services	84,828	-	6,491	-	(78,337)
Food Services	6,941,048	2,841,378	-	-	(4,099,670)
Community Services	552	-	42	-	(510)
Bond interest paid	4,513,114	-	-	-	(4,513,114)
Total governmental activities	<u>\$ 225,321,575</u>	<u>\$ 5,167,398</u>	<u>\$ 19,008,260</u>	<u>\$ 3,646,219</u>	<u>(197,499,698)</u>
General revenues:					
Taxes:					
Property Taxes:					
					737,546
					4,504,298
					19,892,885
					130,491,942
					586,740
					130,484
					45,572
					<u>156,389,467</u>
					(41,110,231)
					<u>(63,003,975)</u>
					<u>\$ (104,114,206)</u>

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

STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2019

	General Fund	Bond Building Fund #31100	Debt Service Fund #41000	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 14,914,948	\$ 8,579,425	\$ -	\$ 3,577,859	\$ 27,072,232
Investments	15,138,190	35,586,238	-	-	50,724,428
Receivables:					
Property taxes	50,962	-	1,253,260	278,307	1,582,529
Grant	-	-	-	5,950,482	5,950,482
Interest	-	130,455	-	-	130,455
Other receivables	173,155	-	-	-	173,155
Due from other governments	43,515	-	153,244	34,691	231,450
Due from other funds	3,423,427	-	-	1,574,244	4,997,671
Supplies inventory	113,664	-	-	129,760	243,424
Food inventory	-	-	-	81,907	81,907
Restricted:					
Cash and cash equivalents	-	-	20,823,474	-	20,823,474
Total assets	<u>\$ 33,857,861</u>	<u>\$ 44,296,118</u>	<u>\$ 22,229,978</u>	<u>\$ 11,627,250</u>	<u>\$ 112,011,207</u>
Liabilities, deferred inflows, and fund balance					
Liabilities:					
Accounts payable	\$ 583,151	\$ 2,155,253	\$ -	\$ 196,227	\$ 2,934,631
Accrued salaries	14,292,510	-	-	1,257,545	15,550,055
Due to other funds	<u>31,149</u>	<u>-</u>	<u>-</u>	<u>4,966,522</u>	<u>4,997,671</u>
Total liabilities	<u>14,906,810</u>	<u>2,155,253</u>	<u>-</u>	<u>6,420,294</u>	<u>23,482,357</u>
Deferred inflows of resources:					
Delinquent property taxes	<u>47,452</u>	<u>-</u>	<u>1,163,619</u>	<u>258,058</u>	<u>1,469,129</u>
Fund balance:					
Non-spendable:					
Inventories	113,664	-	-	211,667	325,331
Restricted for:					
Instructional materials	5,785	-	-	-	5,785
Food services	-	-	-	490,119	490,119
Extracurricular activities	-	-	-	431,916	431,916
Grantor restrictions	-	-	-	2,275,946	2,275,946
Capital projects	-	42,140,865	-	1,539,678	43,680,543
Debt service	-	-	21,066,359	-	21,066,359
Committed to:					
Subsequent year's expenditures	14,152,145	-	-	-	14,152,145
Unassigned	<u>4,632,005</u>	<u>-</u>	<u>-</u>	<u>(428)</u>	<u>4,631,577</u>
Total fund balance	<u>18,903,599</u>	<u>42,140,865</u>	<u>21,066,359</u>	<u>4,948,898</u>	<u>87,059,721</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 33,857,861</u>	<u>\$ 44,296,118</u>	<u>\$ 22,229,978</u>	<u>\$ 11,627,250</u>	<u>\$ 112,011,207</u>

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

STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

RECONCILIATION OF THE BALANCE SHEET - ALL GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
June 30, 2019

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

Fund balances - total governmental funds	\$ 87,059,721
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets	471,404,825
Accumulated depreciation	(145,408,048)
Other assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	
Property taxes receivable	1,469,129
Deferred outflow of resources are not financial resources, and therefore are not reported in the funds and include:	
Contributions to pension subsequent to the measurement date	12,568,362
Difference between expected and actual pension experience	263,145
Net difference between projected and actual investment earnings on pension plan investments	798,176
Net change in pension assumptions	74,308,612
Net change in proportionate share of pension liability	1,630,996
Contributions to OPEB subsequent to the measurement date	1,806,475
Net change in proportionate share of OPEB liability	5,481,523
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	
Bonds payable	(121,135,000)
Accrued interest payable	(1,371,377)
Accrued vacation payable	(838,283)
Bond premiums	(7,769,401)
Net pension liability	(360,554,668)
Net OPEB liability	(92,754,757)
Deferred inflow of resources are not financial resources, and therefore are not reported in the funds and include:	
Gain on advanced bond refunding	-
Difference between expected and actual pension experience	(6,861,935)
Net change in proportionate share of pension liability	(245,579)
Difference between expected and actual OPEB experience	(5,491,676)
Net difference between projected and actual investment earnings on OPEB plan investments	(1,157,545)
Net change in OPEB assumptions	<u>(17,316,901)</u>
Net position of governmental activities	<u>\$ (104,114,206)</u>

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

STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2019

	General <u>Fund</u>	Bond Building <u>Fund #31100</u>	Debt Service <u>Fund #41000</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Revenues:					
Taxes:					
Property	\$ 732,279	\$ -	\$ 19,793,983	\$ 4,475,266	\$ 25,001,528
Intergovernmental - federal grants	474,721	-	-	12,633,602	13,108,323
Intergovernmental - state grants	134,116,940	873,171	-	4,388,667	139,378,778
Contributions - private grants	100,395	-	-	347,609	448,004
Payments in lieu of taxes	138,736	-	-	-	138,736
Charges for services	389,105	-	-	4,778,293	5,167,398
Investment and interest income	130,484	655,311	3,768	241	789,804
Miscellaneous	<u>44,824</u>	<u>-</u>	<u>-</u>	<u>748</u>	<u>45,572</u>
Total revenues	<u>136,127,484</u>	<u>1,528,482</u>	<u>19,797,751</u>	<u>26,624,426</u>	<u>184,078,143</u>
Expenditures:					
Current:					
Instruction	77,510,991	-	-	10,175,360	87,686,351
Support services:					
Students	14,204,736	-	-	2,177,395	16,382,131
Instruction	2,612,056	-	-	58,215	2,670,271
General Administration	3,942,113	-	197,769	741,062	4,880,944
School Administration	7,789,923	-	-	90,338	7,880,261
Central Services	4,924,274	-	-	44	4,924,318
Operation & Maintenance of Plant	15,776,926	2,366,512	-	5,764,478	23,907,916
Student transportation	4,295,448	-	-	149,310	4,444,758
Other Support services	80,103	-	-	-	80,103
Food services operations	-	-	-	6,554,408	6,554,408
Community services	521	-	-	-	521
Capital outlay	105,376	14,093,049	-	1,540,902	15,739,327
Debt service:					
Principal retirement	-	-	13,905,000	-	13,905,000
Bond interest paid	-	-	4,247,231	-	4,247,231
Bond issuance costs	<u>-</u>	<u>260,225</u>	<u>-</u>	<u>-</u>	<u>260,225</u>
Total expenditures	<u>131,242,467</u>	<u>16,719,786</u>	<u>18,350,000</u>	<u>27,251,512</u>	<u>193,563,765</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>4,885,017</u>	<u>(15,191,304)</u>	<u>1,447,751</u>	<u>(627,086)</u>	<u>(9,485,622)</u>
Other financing sources:					
Sale of bonds	-	14,574,963	425,037	-	15,000,000
Bond premium	<u>-</u>	<u>685,262</u>	<u>-</u>	<u>-</u>	<u>685,262</u>
Total other financing sources	<u>-</u>	<u>15,260,225</u>	<u>425,037</u>	<u>-</u>	<u>15,685,262</u>
<i>Net change in fund balance</i>	4,885,017	68,921	1,872,788	(627,086)	6,199,640
Fund balance at beginning of the year	<u>14,018,582</u>	<u>42,071,944</u>	<u>19,193,571</u>	<u>5,575,984</u>	<u>80,860,081</u>
Fund balance at end of the year	<u>\$ 18,903,599</u>	<u>\$ 42,140,865</u>	<u>\$ 21,066,359</u>	<u>\$ 4,948,898</u>	<u>\$ 87,059,721</u>

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

STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2019

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

Net change in fund balance - total governmental funds	\$ 6,199,640
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year

Capital outlay	15,739,327
Depreciation	(12,299,772)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Deferred property taxes at:	
June 30, 2018	(1,335,928)
June 30, 2019	1,469,129

The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These differences in the treatment of long-term debt and related items consist of:

Current year principal payments	13,905,000
Bonds sold	(15,000,000)
Deferred gain on bond refunding amortization	(1,328,743)
Current year bond premiums	(685,262)
Bond premium amortization	991,539
Bond discount amortization	(350,650)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Compensated absences at:	
June 30, 2018	699,015
June 30, 2019	(838,283)
Accrued interest at:	
June 30, 2018	1,793,348
June 30, 2019	(1,371,377)
Loss on asset disposal	(107,078)
Deferred contributions to pension plan	12,568,362
Deferred contributions to OPEB plan	1,806,475
Pension expense	(62,064,262)
OPEB expense	(900,711)

Change in net position of governmental activities	<u>\$ (41,110,231)</u>
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The notes to the financial statements are an integral part of this statement.

STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

GENERAL FUND
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive
				(Negative)
Revenues:				
Taxes:				
Property	\$ 702,800	\$ 702,800	\$ 730,571	\$ 27,771
Intergovernmental - federal grants	180,000	180,000	474,721	294,721
Intergovernmental - state grants	133,776,902	133,938,723	134,080,262	141,539
Contributions - private grants	190,000	190,000	91,003	(98,997)
Charges for services	287,500	287,500	463,806	176,306
Investment and interest income	82,000	82,000	130,484	48,484
Miscellaneous	205,000	205,000	170,511	(34,489)
Total revenues	135,424,202	135,586,023	136,141,358	555,335
Expenditures:				
Current:				
Instruction	86,549,797	86,511,729	77,504,664	9,007,065
Support services:				
Students	16,689,526	17,851,122	14,195,971	3,655,151
Instruction	2,529,152	2,522,237	2,610,655	(88,418)
General Administration	4,720,536	4,721,905	3,974,610	747,295
School Administration	7,746,715	7,800,909	7,795,082	5,827
Central Services	4,748,835	4,748,835	4,921,532	(172,697)
Operation & Maintenance of Plant	15,740,134	16,275,251	14,974,690	1,300,561
Student transportation	4,112,195	4,112,195	4,304,148	(191,953)
Other Support services	1,261,251	1,261,251	81,521	1,179,730
Community services	-	-	521	(521)
Capital outlay	59,890	3,808,890	653,361	3,155,529
Total expenditures	144,158,031	149,614,324	131,016,755	18,597,569
<i>Excess (deficiency) of revenues over expenditures</i>	(8,733,829)	(14,028,301)	5,124,603	19,152,904
<i>Beginning cash balance budgeted</i>	8,733,829	14,028,301	-	(14,028,301)
Fund balance at beginning of the year	-	-	14,018,582	14,018,582
Fund balance at end of the year	\$ -	\$ -	19,143,185	\$ 19,143,185
RECONCILIATION TO GAAP BASIS:				
Change in inventory			(249,468)	
Change in receivables			39,407	
Change in property tax receivable			394	
Change in due from other governments			43,258	
Change in payables			(67,910)	
Change in deferred property taxes			(5,267)	
Fund balance at end of the year (GAAP basis)			\$ 18,903,599	

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

STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

AGENCY FUNDS
Statement of Fiduciary Assets and Liabilities
June 30, 2019

ASSETS

Pooled cash and investments	\$ <u>1,695,229</u>
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LIABILITIES

Deposits held for others	\$ <u>1,695,229</u>
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The notes to the financial statements are an integral part of this statement.

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I. SUMMARY OF ALL SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Rio Rancho Public School District No. 94 (District) is a special purpose government corporation governed by an elected five-member Board of Education. The Board of Education is the basic level of government, which has oversight responsibility and control over all activities related to the public school education in the City of Rio Rancho, New Mexico. The District is responsible for 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.

The Board of Education is authorized to establish policies and regulations for its own government consistent with the laws of the State of New Mexico and the regulations of the Legislative Finance Committee. The School Board is comprised of five members who are elected for terms of four years. The District operates nineteen schools within its boundaries and, in conjunction with the regular educational programs, some of these schools offer special education. In addition, the District provides transportation and school food services for the students.

The District’s student enrollments were as follows:

FISCAL YEAR	40 DAY COUNT	80 DAY COUNT	120 DAY COUNT
2019	17,201	17,134	17,100
2018	17,305	17,257	17,219

The District’s financial statements include all entities over which the Board of Education exercises oversight responsibility. Oversight responsibility includes such aspects as appointment of governing body members, designation of management, the ability to significantly influence operations, and accountability for fiscal matters. Based upon the application of these criteria, no component units or fiduciary units were included in the financial statements.

Generally Accepted Accounting Principles (GAAP) requires that financial statements present the District (primary government) and its component units. The District has no component units that are required to be presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity* and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*.

1. Blended Component Units

The District does not have any component units reported as blended component units.

2. Discretely Presented Component Units

The District does not have any component units reported as discretely presented component units.

The 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 Rio Rancho Public Schools’ management who is responsible for their integrity and objectivity. The financial statements of the District conform to GAAP as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government’s accounting policies are described below.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

B. Implementation of New Accounting Principles

During fiscal year 2019, the District adopted the following Governmental Accounting Standards Board (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 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. The best estimate should include probability weighting of all potential outcomes, when such information is available or can be obtained at reasonable cost. If probability weighting is not feasible at reasonable cost, the most likely amount should be used. This Statement requires that a deferred outflow of resources associated with an ARO be measured at the amount of the corresponding liability upon initial measurement.

This Statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. In addition, it requires a government to evaluate all relevant factors at least annually to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays. A government should remeasure an ARO only when the result of the evaluation indicates there is a significant change in the estimated outlays. The deferred outflows of resources should be reduced and recognized as outflows of resources (for example, as an expense) in a systematic and rational manner over the estimated useful life of the tangible capital asset.

A government may have a minority share (less than 50 percent) of ownership interest in a jointly owned tangible capital asset in which a nongovernmental entity is the majority owner and reports its ARO in accordance with the guidance of another recognized accounting standards setter. Additionally, a government may have a minority share of ownership interest in a jointly owned tangible capital asset in which no joint owner has a majority ownership, and a nongovernmental joint owner that has operational responsibility for the jointly owned tangible capital asset reports the associated ARO in accordance with the guidance of another recognized accounting standards setter. In both situations, the government's minority share of an ARO should be reported using the measurement produced by the nongovernmental majority owner or the nongovernmental minority owner that has operational responsibility, without adjustment to conform to the liability measurement and recognition requirements of this Statement.

In some cases, governments are legally required to provide funding or other financial assurance for their performance of asset retirement activities. This Statement requires disclosure of how those funding and assurance requirements are being met by a government, as well as the amount of any assets restricted for payment of the government's AROs, if not separately displayed in the financial statements. This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018 (FYE June 30, 2019). Earlier application is encouraged.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

B. Implementation of New Accounting Principles (cont'd)

➤ **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 defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

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.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018 (FYE June 30, 2019). Earlier application is encouraged.

Other accounting standards that the District is currently reviewing for applicability and potential impact on the financial statements include:

➤ **GASB Statement No. 84**, *Fiduciary Activities*

This Statement supersedes NCGA Statement 1, Governmental Accounting and Financial Reporting Principles, footnote 24; Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, paragraph 4; Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, paragraphs 70–73, 110, and 111; Implementation Guide No. 2015-1, Questions 4.14.1, 4.14.2, 6.43.2, 7.7.2, and 7.52.4; and Implementation Guide No. 2016-1, Implementation Guidance Update—2016, Question 4.26. It also amends NCGA Statement 1, paragraphs 32, 139, 143, and 147; NCGA Statement 5, Accounting and Financial Reporting Principles for Lease Agreements of State and Local Governments, paragraphs 5 and 6; Statement No. 6, Accounting and Financial Reporting for Special Assessments, paragraph 19; Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, footnote 12; Statement No. 14, The Financial Reporting Entity, paragraphs 19 and 27; Statement No. 24, Accounting and Financial Reporting for Certain Grants and Other Financial Assistance, paragraph 5; Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, paragraphs 18 and 22; Statement 34, paragraphs 6, 12, 13, 63, 65, 67, 69, 106–109, 115, 123, 125, 135, 138, 141, and 147, and footnotes 48, 49, and 51; Statement No. 37, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments: Omnibus, paragraph 3; Statement No. 38, Certain Financial Statement Note Disclosures, paragraphs 6, 14, and 15; Statement No. 40, Deposit and Investment Risk Disclosures, paragraph 5; Statement No. 44, Economic Condition Reporting: The Statistical Section, paragraph 10; Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, paragraphs 30, 33, and 35; Statement No. 61, The Financial Reporting Entity: Omnibus, paragraph 9; Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, paragraph 34; Statement No. 67, Financial Reporting for Pension Plans, paragraph 11; Statement No. 72, Fair Value Measurement and Application, paragraph 80; Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, paragraph 116; Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, paragraphs 18 and 59; NCGA Interpretation 6, Notes to the Financial Statements Disclosure, paragraph 5; Technical Bulletin No. 2006-1, Accounting and Financial Reporting by Employers and OPEB Plans for Payments from the Federal Government Pursuant to the Retiree Drug Subsidy Provisions of Medicare Part D, paragraph 8; Implementation Guide 2015-1, Questions 1.4.2, 1.4.8, 2.7.1, 2.7.2, 3.49.1, 3.55.2, 3.58.1, 4.6.2, 4.27.1, 4.28.1, 4.28.11, 4.30.3, 4.62.2, 5.64.3, 5.64.4, 5.113.1, 6.29.3, 6.34.3, 6.34.4, 6.43.5, 6.45.1, 6.45.3, 7.3.5, 7.4.1, 7.51.6, 7.52.2, 7.52.3, 7.52.5–7.52.8, 7.55.5, 7.72.10, 7.77.4, 7.81.1, 7.81.2, 7.84.1, 7.97.1, 7.97.2, 7.97.4, 8.1.2, 8.1.3, and 8.15.4; Implementation Guide 2016-1, Questions 4.2, 4.13, 4.27, 4.61–4.63, 5.7, 5.8, 5.16, and 5.24; and 2002 AICPA State and Local Government Auditing and Accounting Guide, paragraph 5.28.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

B. Implementation of New Accounting Principles (cont'd)

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. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018 (FYE June 30, 2020). Earlier application is encouraged. Changes adopted to conform to the provisions of this Statement should be applied retroactively by restating financial statements, if practicable, for all prior periods presented. If restatement for prior periods is not practicable, the cumulative effect, if any, of applying this Statement should be reported as a restatement of beginning net position (or fund balance or fund net position, as applicable) for the earliest period restated. In the first period that this Statement is applied, the notes to the financial statements should disclose the nature of the restatement and its effect. Also, the reason for not restating prior periods presented should be disclosed.

➤ **GASB Statement No. 87, *Leases***

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. 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.

Definition of a Lease - A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

The provisions of this Statement are effective for reporting periods beginning after December 15, 2019 (FYE June 30, 2021).

➤ **GASB Statement No. 89, *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. The requirements of this Statement apply to the financial statements of all state and local governments. In financial statements prepared using the economic resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expense in the period in which the cost is incurred. Such interest cost should not be capitalized as part of the historical cost of a capital asset. In financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 (FYE June 30, 2021). Earlier application is encouraged.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

B. Implementation of New Accounting Principles (cont'd)

- **GASB Statement No. 90**, *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61*

The primary objectives of this Statement are to improve consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations and to improve the relevance of financial statement information for certain component units.

This Statement modifies previous guidance for reporting a government's majority equity interest in a legally separate organization. This Statement also provides guidance for reporting a component unit if a government acquires a 100 percent equity interest in that component unit. The requirements of this Statement apply to the financial statements of all state and local governments.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018 (FYE June 30, 2020). Earlier application is encouraged.

- **GASB Statement No. 91**, *Conduit Debt Obligations*

This Statement provides 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 are effective for reporting periods beginning after December 15, 2020 (FYE June 30, 2022). Earlier application is encouraged.

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the school district. For the most part, the effect of inter-fund activity has been removed from these statements.

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

D. 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. 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, net of estimated refunds and estimated uncollectable amounts, in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (cont'd)

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. Revenues received during the year but are applicable to subsequent years are reported as deferred inflows of resources. 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. Expenditures incurred during the year that are for the benefit of subsequent years are reported as deferred outflows of resources.

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. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

General Fund – The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Debt Service Funds are used to account for the payment of principal and interest on long-term debt. Debt service revenues are from taxes and other operating revenues, some of which are pledged specifically to repay certain outstanding bond issues.

GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis* requires the District to present certain governmental funds as major funds. In addition to the General Fund, the District reports the following major governmental funds:

➤ CAPITAL PROJECTS FUNDS

Bond Building (Fund No. 31100) Minimum Balance: None
This fund provides financing for the construction of buildings, the purchase of equipment, and the acquisition and improvement of land. Funding is provided by the sale of general obligation bonds, which have been approved by the voters of the district.

➤ DEBT SERVICE FUNDS

Debt Service Fund (Fund No. 41000) Minimum Balance: None
The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Additionally, the government reports the following fund type:

Fiduciary Funds are agency funds used to account for financial resources used by the student activity groups for which the District has stewardship.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

E. Assets, Liabilities, and Net Position or Equity

1. Deposits and 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 investment of the District's funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, and money market accounts. The District is also allowed to invest in United States Government obligations. All funds for the District must follow the above investment policies.

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 school 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 given by the financial institution.

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 cash and cash equivalents are reserved for the payment of long-term debt payments and related interest.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due from/to other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due from/to other funds."

The District's property taxes are levied each year on the assessed valuation of property located in the District as of the preceding January 1st. Mill levy rates are set by the State of New Mexico each year for the General Fund, Capital Improvements SB – 9 Fund, and Debt Service Fund. Taxes are payable in two equal installments on November 10th and April 10th following the levy and become delinquent after 30 days.

Under GASB Statement 33, property taxes are impressed non-exchange revenue. Assets from impressed non-exchange transactions are reported when the District has an enforceable legal claim to the asset. The enforceable legal claim date for property taxes is the assessment date. Taxes are payable in two equal installments on November 10 and April 10th following the levy and become delinquent after 30 days. Therefore, the District has recorded a delinquent tax receivable and revenue for taxes received within the sixty days following year-end. A receivable and deferred revenue have been recorded for uncollected delinquent taxes. On the government-wide financial statements, the district has recorded delinquent property taxes receivable and revenue for taxes assessed as of year-end that have not be collected, as prescribed in GASB 34. An allowance for refunds and uncollectible amounts has not been recorded.

3. Inventories

The District's method of accounting for inventory is the consumption method. Under the consumption approach, governments report inventories they purchase as an asset and defer the recognition of the expenditures until the period in which the inventories are actually consumed. Inventory is valued at cost. In the General Fund, inventory consists of expendable fuel reserves held for consumption. Inventory in the Food Service Fund consists of U.S.D.A. commodities and other purchased food and non-food supplies. The inventories in the Operational Fund and the Capital Improvements SB-9 Capital Projects Fund consist of operations and maintenance supplies. The cost of purchased inventory is recorded as an expenditure at the time individual inventory items are consumed. Commodities consumed during the year are reported as revenues and expenditures; unused commodities are reported as inventories.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

E. Assets, Liabilities, and Net Position or Equity (cont'd)

4. *Capital assets*

Capital assets, which include property, plant, and equipment (software), are reported in the applicable governmental-wide financial statements. Beginning July 1, 2005, the threshold for defining Capital assets by the government was raised from \$1,000 to assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. 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.

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. Software costs have been included with the cost of computer equipment and are capitalized with that equipment. The District does not develop software for internal use or any other use.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest on construction projects has not been capitalized.

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

ESTIMATED USEFUL LIVES	
ASSETS	YEARS
Buildings & Improvements	10 - 50
Land Improvements	10 - 50
Vehicles	5-7
Furniture, fixtures, & Equipment	3-5

5. *Compensated absences*

All District employees on a 12-month contract earn annual leave at a rate of 1 day per month. Employees shall not accumulate more than 30 days of annual leave. Upon termination, employees are paid for their accrued annual leave, up to a maximum of 30 days. Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. In prior years, substantially all of the related expenditures have been liquidated by the general fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net position.

Accumulated sick leave is not payable upon termination and is recorded as expenditures when it is paid.

6. *Long-term obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discounts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of 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 capital projects expenditures.

7. *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 Education Retirement Board (ERB) and additions to/deductions from ERB's fiduciary net position have been determined on the same basis as they are reported by ERB. 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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

E. Assets, Liabilities, and Net Position or Equity (cont'd)

8. *Other Post Employment Benefits*

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 Retiree Health Care Authority (RHCA) and additions to/deductions from RHCA's fiduciary net position have been determined on the same basis as they are reported by RHCA. 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.

9. *Deferred Outflows/Inflows of Resources*

Both deferred inflows and outflows are reported in the Statement of Net Position, but are not recognized in the financial statements as revenues, expenses, and reduction of liabilities or increase in assets until the period(s) to which they relate.

In addition to assets, the District reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position/fund balance that applies to future periods and will not be recognized as an expenditure until that time.

The District also reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position/fund balance that applies to future periods and so will not be recognized as a revenue until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding liability for deferred inflows of resources.

The District reports deferred outflows of resources for pension-related amounts for the District's share of the difference between projected and actual earnings, for the District's share of the difference between contributions to the individual plans and the proportionate share of the contributions, and for changes of assumptions or other inputs.

The District reports deferred inflows of resources for pension-related amounts in the government wide financial statements or the District's share of the difference between expected and actual experience and for the District's share of the difference between contributions to the individual plans and the proportionate share of the contributions.

Under the modified accrual basis of accounting, revenue and other fund financial resources are recognized in the period in which they become both measurable and available. Assets recorded in the fund financial statements for which the revenues are not available are reported as a deferred inflow of resources. Deferred inflows of resources are also comprised of property tax and long-term receivables that are unavailable in the fund statements.

10. *Fund balance*

a. Non-Spendable

The non-spendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.

b. Restricted

Fund balance is reported as restricted when constraints placed on the use of resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

c. Committed

Amounts that can only be used for specific purposes pursuant to constraints imposed by the formal action of the District's Board of Education should be reported as committed fund balance. The committed amounts cannot be used for any other purpose unless the District's Board of Education removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The District had committed fund balance in the amount of \$14,152,145 for expenditures in the subsequent year.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

E. Assets, Liabilities, and Net Position or Equity (cont'd)

d. Assigned

Assigned fund balance includes (a) all remaining amounts, except for negative balances, that are reported in governmental funds, other than the general fund, that are not classified as non-spendable and are neither restricted nor committed and amounts in the general fund that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. Intent, and removal of, is expressed by the Board of Education or the Finance Committee. The District did not have assigned fund balances for the year ended June 30, 2019.

e. Unassigned

The remaining fund balance, after all other classifications, within the general fund is reported as unassigned fund balance. This classification 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. In governmental funds other than the general fund, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, a negative fund balance will be reported as unassigned fund balance.

When committed, assigned, and unassigned resources are available for use, it is the District's policy to use committed first followed by assigned and unassigned resources as they are needed.

The District's policy for maintaining a minimum amount of fund balance for operations is to minimize any sudden and unplanned discontinuity to programs and operations and for unforeseen contingencies. At a minimum, the budget shall ensure that the District holds restricted cash reserves of \$1,000,000 and unrestricted cash reserves of at least two percent (2%) of the total operational budget.

11. *Net Position*

Net Position is presented on the Statement of Net Position and may be presented in any of three components.

a. Net investment in capital assets

This component of Net Position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. That portion of the debt is included in restricted for capital projects.

b. Restricted Net Position

Net Position is reported as being restricted when the restriction is either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by 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.

c. Unrestricted Net Position

Unrestricted Net Position consists of Net Position that does not meet the definition of "net investment in capital assets" or "restricted."

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

In the governmental environment, Net Position often is designated to indicate that management does not consider them to be available for general operations. In contrast to restricted Net Position, these types of constraints on resources are internal and management can remove or modify them. However, enabling legislation established by the reporting government should not be construed as an internal constraint.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

E. Assets, Liabilities, and Net Position or Equity (cont'd)

12. *Indirect Costs*

The District's General Fund receives indirect cost reimbursements from the various federal programs it administers. These reimbursements are for expenses incurred in performing administrative functions on behalf of the Special Revenue Funds. They are shown as expenditures in the Special Revenue Funds, and as other special federal revenue in the General Fund.

13. *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.

14. *Inter-fund Transactions*

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

15. *Revenues*

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

A school district's program costs are determined through the use of various formulas using 'program units' which take into consideration 1) early childhood education; 2) basic education; 3) special education; 4) bilingual-multicultural education, 5) size, etc. Payment is made from the public school fund under the authority of the Director of Public School Finance. The District received \$130,491,942 in state equalization guarantee distributions during the year ended June 30, 2019.

Transportation Distribution: School districts in the State of New Mexico received 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 \$3,003,466 in transportation distributions during the year ended June 30, 2019.

Instructional Materials: The New Mexico Public Education Department (PED) receives federal mineral 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 purchase of material listed on the PED 'Multiple List', while fifty percent of each allocation is available for purchases directly from vendors or transfer to the fifty percent account for purchase of material from the "Multiple List". Districts are allowed to carry forward unused textbook funds from year to year. The District received \$621,532 in instructional materials distributions during the year ended June 30, 2019.

16. *Tax Abatements*

Governmental Accounting Standards Board Statement No. 77 requires the District to disclose information on certain tax abatement agreements effecting the District. A tax abatement is created when a government enters into an agreement with an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. Accordingly, there are four tax abatement agreements that effect the District for the year ended June 30, 2019 which are detailed in Note IV.E.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. 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 Public School Budget and Planning Unit of the Department of Education. Auxiliary student activity accounts are not budgeted.

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 beginning cash balance be appropriated in the budget of the subsequent fiscal year. Such appropriated balance is legally restricted and is therefore presented as a reserved portion of fund balance.

Actual expenditures may not exceed the budget on a line item basis, i.e., each budgeted expenditure must be within budgeted amounts. Budgets may be amended in two ways. If a budget transfer is necessary within a major category called a 'series', this may be accomplished with only local Board of Education approval. If a transfer between 'series' or a budget increase is required, approval must also be obtained from Public School Finance Division.

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

The school district follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In April or May, the superintendent submits to the Board of Education a proposed operating budget of the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them and has approval by the Department of Education.
2. In May or June, the budget is approved by the Board of Education.
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 for.
4. 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 Department of Education.
5. 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.
6. Budgets for the General, Special Revenue, Capital Projects, and Debt Service Funds are adopted on a basis not consistent with generally accepted accounting principles (GAAP). Encumbrances are treated the same way for GAAP purposes and for Budget purposes.

The Board of Education may approve amendments to the appropriated budget, which are required when a change is made affecting budgeted ending fund balance. The appropriated budget for the year ended June 30, 2019 was properly amended by the Board through the year. New Mexico state law prohibits a Governmental Agency to exceed an individual line item. These amendments resulted in the following changes:

	ORIGINAL	FINAL
Major Funds:		
General Funds	\$ 144,158,031	\$ 149,614,324
Capital Projects Funds:		
Bond Building	60,225,179	59,495,531
Debt Service Funds:		
Debt Service	38,597,167	38,652,772
Nonmajor Funds:		
Special Revenue Funds	19,539,061	23,240,468
Capital Projects Funds	7,069,486	9,442,493
Total Budget	<u>\$ 269,588,924</u>	<u>\$ 280,445,588</u>

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont'd)

B. Budgetary Violations

The District exceeded its legal budget at the function level in individual funds during the year ended June 30, 2019 as follows:

FUND	FUNCTION	DEFICIT
Operational	Community Services	\$ 521
Debt Service	General Administration	5,269

C. Deficit Fund Equity

The District had two deficit fund balances of \$7,949 in the Transportation Fund and \$428 in the Special Capital Outlay – State Capital Projects Fund as of June 30, 2019. These deficits will be funded by future grants or by the Operational Fund.

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Temporary Investments

At June 30, 2019, the carrying amount of the District's deposits was \$100,315,363 and the deposit balance was \$100,604,701 (FDIC financial institutions \$99,668,873; other institutions \$935,828) with the difference consisting of outstanding checks.

	BALANCE
Financial institution (FDIC):	
US Bank	\$ 72,712,444
NM Bank & Trust	18,304,698
Bank of Albuquerque	8,527,154
Nusenda Credit Union	72,595
Wells Fargo Bank	36,720
Washington Federal	15,262
State agencies:	
New Mexico State Treasurer	12,858
Nonbank trustee:	
Raymond James & Associates	922,970
Less:	
Agency cash	(1,695,229)
Investments (CD/CDARs)	(49,788,600)
Investments (other)	(935,828)
Restricted cash and cash equivalents	(20,823,474)
Net reconciling items	(15,839,393)
Add:	
Written checks held at yearend	15,550,055
Total cash and equivalents	\$ 27,072,232

Of the total cash and cash equivalents balance, \$27,345,849, was covered by federal depository insurance and \$60,077,849 was covered by collateral held in joint safekeeping by a third party.

III. DETAILED NOTES ON ALL FUNDS (cont'd)

A. Cash and Temporary Investments (cont'd)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. 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. The District does not have a deposit policy for custodial credit risk, other than the following state statutes as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). The statement listed below will meet the State of New Mexico Office of the State Auditor's requirement in reporting the uninsured portion of the deposits. As of June 30, 2019, \$12,245,545 of the District's bank deposits was exposed to custodial risk as follows:

	INSURED	UNDER INSURED	TOTAL
Bank deposits:			
Uninsured and uncollateralized	\$ 12,245,545	\$ -	\$ 12,245,545
Uninsured and collateral held by pledging bank's trust dept not in the District's name	60,077,849	-	60,077,849
Total uninsured	72,323,394	-	72,323,394
Insured (FDIC)	27,345,479	-	27,345,479
Total deposits	<u>\$ 99,668,873</u>	<u>\$ -</u>	<u>\$ 99,668,873</u>
State of New Mexico collateral requirement:			
50% of uninsured public fund bank deposits	\$ 49,397,148	\$ -	\$ 49,397,148
Pledged security	60,077,849	-	60,077,849
Over collateralization	<u>\$ 10,680,701</u>	<u>\$ -</u>	<u>\$ 10,680,701</u>

The collateral pledged is listed on Schedule of Pledged Collateral in the Other Supplemental Information section of this report. 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 Authority, public unit deposits are funds owned by the schools. 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.

Investments

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a written policy for limiting interest rate risk.

Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. U.S. obligations, investments explicitly guaranteed by the U.S. Government, and non-debt investments are excluded from this requirement. The District's investments in time deposits or investments guaranteed by the U.S. government and therefore are excluded from this requirement. Public funds are not required to disclose custodial credit risk for external investment pools. Therefore, the LGIP is exempt from this requirement.

Concentration Credit Risk

For an investment, concentration credit risk is when any one issuer is 5% or more of the investment portfolio of the District. External investment pools, such as the LGIP (New Mexico State Treasurer), are excluded from the requirement of disclosing concentration of credit risk. Therefore, the LGIP is exempt from this disclosure. The investments held at Raymond James & Associates represent 99% of the District's investment portfolio and is invested in Government National Mortgage Association (GNMA). Since the District only purchases investments with the highest credit rating, the additional concentration is not viewed to be an additional risk by the District. The District's policy related to concentration risk is to comply with the state statute as put forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978).

III. DETAILED NOTES ON ALL FUNDS (cont'd)

A. Cash and Temporary Investments (cont'd)

Foreign Currency Risk

Foreign currency risk as the potential that changes in exchange rates may adversely affect the fair value of an investment or deposit. The District does not have any foreign currency risk as all investments are denominated in US dollars.

The District investments, excluding certificates of deposit, held at June 30, 2019 are as follows:

INVESTMENT TYPE	MATURITIES	FAIR VALUE	RATING (S&P)
State Investment Pool – 4101 LGIP Fund	112 Days (WAM-F)	\$ 12,858	AAA
Raymond James & Associates - GNMA	>1 Year	922,970	AA+
		<u>\$ 935,828</u>	

The District investments held in certificated of deposits at June 30, 2019 are as follows:

	ORIGINATION	MATURITY	AMOUNT
Current Investments:			
Certificate of Deposit Account Registry	1/3/19	7/5/19	\$ 12,104,388
Certificate of Deposit Account Registry	3/28/19	9/26/19	2,000,000
Certificate of Deposit Account Registry	5/2/19	10/31/19	12,366,514
Certificate of Deposit Account Registry	3/28/19	9/26/19	4,074,774
Certificate of Deposit Account Registry	4/25/19	10/24/19	7,192,366
Certificate of Deposit	3/28/19	9/28/19	4,037,558
Certificate of Deposit	4/23/19	10/23/19	3,000,000
Certificate of Deposit Sweep	Various	Various	5,013,000
			<u>\$ 49,788,600</u>

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

Level 1 inputs are observable, quoted prices for identical assets or liabilities in active markets;

Level 2 inputs are quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in markets that are not active; and inputs other than quoted prices e.g. interest rates and yield curves;

Level 3 inputs are unobservable inputs for the asset or liability. These should be based on the best information available. The District should utilize all reasonably available information, but need not incur excessive cost or effort to do so. However, it should not ignore information that can be obtained without undue cost and effort. As such, the District's own data should be adjusted if information is reasonably available without undue cost and effort.

The fair value inputs used to value the District's investments (other than certificates of deposits) at June 30, 2019 were as follows:

FAIR VALUE INPUTS				
Level 1	Level 2	Level 3	Total	
\$ 12,858	\$ 922,970	\$ -	\$ 935,828	

III. DETAILED NOTES ON ALL FUNDS (cont'd)

A. Cash and Temporary Investments (cont'd)

Investments held by the New Mexico State Treasurer are valued at fair value based on quoted market prices as of the valuation date. The State Treasurer Local Government Investment Pool (LGIP) is not SEC Registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment funds in the securities that are issued by the United States government or by its departments or agencies and are either backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares; at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in the amounts of the fund were invested. Any realized gain or loss on the portfolio is distributed through the investment yield on distribution dates. The carrying amount of the portfolio approximates the fair value of all investments at June 30, 2019. The State of New Mexico is regulatory oversight entity and participation in the pool is voluntary.

B. Receivables

Receivables as of year-end for the government's individual major funds and non-major funds in the aggregate, including the following:

	<u>RECEIVABLES</u>				<u>DUE FROM OTHER</u>	
	Property Taxes	Grants	Interest	Other	Governments	Funds
Major Funds:						
General Funds	\$ 50,962	\$ -	\$ -	\$ 173,155	\$ 43,515	\$ 3,423,427
Bond Building	-	-	130,455	-	-	-
Debt Service	1,253,260	-	-	-	153,244	-
Other Governmental Funds	<u>278,307</u>	<u>5,950,482</u>	<u>-</u>	<u>-</u>	<u>34,691</u>	<u>1,574,244</u>
Total	<u>\$ 1,582,529</u>	<u>\$ 5,950,482</u>	<u>\$ 130,455</u>	<u>\$ 173,155</u>	<u>\$ 231,450</u>	<u>\$ 4,997,671</u>

Other receivables consist of amounts due from the payments in lieu of taxes (PILOT) program and charges for other services. An allowance for doubtful accounts has not been established. All receivables are expected to be collectible.

Governmental funds reported deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>UNAVAILABLE</u>	<u>UNEARNED</u>
Grant drawdowns prior to meeting all eligibility requirements		
Other Governmental Funds	\$ -	\$ -
Delinquent property taxes		
General Fund	47,452	-
Bond Building	-	-
Debt Service	1,163,619	-
Other Governmental Funds	<u>258,058</u>	<u>-</u>
Total	<u>\$ 1,469,129</u>	<u>\$ -</u>

III. DETAILED NOTES ON ALL FUNDS (cont'd)

C. Inter-Fund Receivables and Payables

The inter-fund receivables and payables at June 30, 2019 were:

	RECEIVABLES	PAYABLES
Major Funds:		
General Funds	\$ 3,423,427	\$ 31,149
Bond Building	-	-
Debt Service	-	-
Other Governmental Funds		
Title I	-	1,322,498
Entitlement IDEA-B	-	1,187,201
Preschool IDEA-B	-	26,636
Education of Homeless	-	12,741
Private Schools Share IDEA-B	-	17,394
Leadership - Voc Ed	-	922
Title III English Language	-	5,629
Title II Teacher Quality	-	205,641
Carl D Perkins - JAG	-	34,689
Carl D Perkins - Culinary	-	47,647
Carl D Perkins Secondary Redistribution	-	3,799
Student Support and Academic Achievement	-	62
Title I Comprehensive Support & Improvement	-	25,989
Indian Education Formula Grant	-	27,736
Dual Credit Instructional Materials	-	3,525
Libraries GO Bond 2012	-	16,413
Reads to Lead	-	20,410
Pre-K Initiative	-	395,154
Indian Education Act	-	26,937
New Mexico Grown	-	1,483
GRADS Instruction	-	3,207
GRADS Plus	-	6,565
Special Capital Outlay - State	-	66,556
State SB-9 Match	-	1,507,688
Capital Improvements SB-9	1,574,244	-
Total	\$ 4,997,671	\$ 4,997,671

The inter-fund loans were made for the purposes of cash shortfalls within the individual funds. The loans are expected to be repaid within the next fiscal year.

III. DETAILED NOTES ON ALL FUNDS (cont'd)

D. Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

	BEGINNING	INCREASES	DECREASES	ENDING
Governmental activities:				
<u>Capital assets not being depreciated:</u>				
Land	\$ 15,370,747	\$ 924,535	\$ -	\$ 16,295,282
Construction in progress	7,029,964	3,185,633	(3,248,267)	6,967,330
Total capital assets not being depreciated	<u>22,400,711</u>	<u>4,110,168</u>	<u>(3,248,267)</u>	<u>23,262,612</u>
<u>Capital assets being depreciated:</u>				
Land improvements	25,105,319	5,413	-	25,110,732
Buildings and improvements	388,419,019	13,939,685	(41,453)	402,317,251
Vehicles	7,477,529	217,490	(74,380)	7,620,639
Furniture, fixtures, and equipment	14,242,593	714,838	(1,863,840)	13,093,591
Total capital assets being depreciated	<u>435,244,460</u>	<u>14,877,426</u>	<u>(1,979,673)</u>	<u>448,142,213</u>
Less accumulated depreciation for:				
Land improvements	(13,168,899)	(1,258,552)	-	(14,427,451)
Buildings and improvements	(104,494,725)	(9,573,018)	23,149	(114,044,594)
Vehicles	(5,181,895)	(650,455)	69,714	(5,762,636)
Furniture, fixtures, and equipment	(12,135,352)	(817,746)	1,779,731	(11,173,367)
Total accumulated depreciation	<u>(134,980,871)</u>	<u>(12,299,771)</u>	<u>1,872,594</u>	<u>(145,408,048)</u>
Total capital assets being depreciated, net	<u>300,263,589</u>	<u>2,577,655</u>	<u>(107,079)</u>	<u>302,734,165</u>
Total capital assets, net	<u>\$ 322,664,300</u>	<u>\$ 6,687,823</u>	<u>\$ (3,355,346)</u>	<u>\$ 325,996,777</u>

Depreciation has been allocated to the functions by the following amounts:

	BALANCE
Instruction	\$ 8,045,162
Support Services - Students	966,370
Support Services - Instruction	165,733
Support Services - General Administration	287,923
Support Services - School Administration	464,851
Central Services	290,482
Operations & Maintenance of Plant	1,425,661
Student Transportation	262,193
Other Support Services	4,725
Food Services	386,640
Community Services	31
Total Depreciation Expense	<u>\$ 12,299,771</u>

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.

Construction commitments

The District is involved in long-term construction projects as part of their master plan for upgrading the district buildings. The amount in the capital projects funds designated for subsequent years expenditures are committed for funding these projects. Interest on construction projects is not capitalized.

III. DETAILED NOTES ON ALL FUNDS (cont'd)

E. Long-Term Debt

General Obligation Bonds – The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. Bonds are direct obligations and pledge the full faith and credit of the District. The bonds will be paid from taxes levied against property owners living within the District’s boundaries. The details of the bonds and notes as of June 30, 2019 are as follows:

BOND ISSUES	ORIGINAL AMOUNT	INTEREST RATES	BALANCE	CURRENT PORTION
Series 03/31/09	\$ 25,000,000	3.00% to 4.50%	\$ -	\$ -
Series 12/15/09	24,975,000	2.00% to 4.00%	-	-
Series 01/18/11	13,200,000	2.00% to 3.00%	-	-
Series 08/23/11	9,300,000	2.00% to 4.00%	2,600,000	1,000,000
Series 10/30/12	13,355,000	2.00% to 3.00%	5,850,000	100,000
Series 12/23/13	16,535,000	2.00% to 4.00%	12,225,000	100,000
Series 09/22/14	21,255,000	1.00% to 3.00%	13,990,000	1,040,000
Series 11/30/15	19,960,000	2.00% to 4.00%	12,490,000	115,000
Series 06/28/16	24,935,000	3.00% to 5.00%	22,385,000	6,960,000
Series 12/20/16	14,160,000	3.00% to 5.00%	11,290,000	875,000
Series 10/17/17	14,010,000	2.00% to 5.00%	14,010,000	950,000
Series 10/17/17	11,295,000	2.00% to 4.00%	11,295,000	2,335,000
Series 10/03/18	15,000,000	3.00% to 5.00%	15,000,000	950,000
Total	<u>\$ 222,980,000</u>		<u>\$ 121,135,000</u>	<u>\$ 14,425,000</u>

Balances shown for bonds and notes do not include unamortized premiums or deferred amounts on refinancing.

	BALANCE
Bonds payable	\$ 121,135,000
Less: current maturities	(14,425,000)
Unamortized:	
Bond premiums	7,769,401
Total non-current liabilities	<u>\$ 114,479,401</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

YEAR ENDING	PRINCIPAL	INTEREST	TOTAL REQUIREMENTS
JUNE 30,			
2020	\$ 14,425,000	\$ 4,103,888	\$ 18,528,888
2021	14,215,000	3,554,775	17,769,775
2022	13,360,000	3,012,013	16,372,013
2023	13,245,000	2,493,463	15,738,463
2024	12,930,000	2,004,988	14,934,988
2025 - 2029	47,985,000	3,960,619	51,945,619
2030 - 2031	4,975,000	121,125	5,096,125
Total	<u>\$ 121,135,000</u>	<u>\$ 19,250,869</u>	<u>\$ 140,385,869</u>

III. DETAILED NOTES ON ALL FUNDS (cont'd)

F. Long-Term Debt (cont'd)

Changes in long term debt – During the year ended June 30, 2019 the following changes occurred in liabilities reported in the general obligation bonds account group:

BOND ISSUES	BEGINNING BALANCE	ADDITIONS	RETIREMENTS	ENDING BALANCE	DUE WITHIN ONE YEAR
Compensated absences:					
Compensated vacation	\$ 699,015	\$ 665,642	\$ 526,374	\$ 838,283	\$ 838,283
Bonds payable					
<u>Original Amount</u>	<u>Issue</u>				
\$ 25,000,000	03/31/09	1,000,000	-	1,000,000	-
24,975,000	12/15/09	1,300,000	-	1,300,000	-
13,200,000	01/18/11	1,000,000	-	1,000,000	-
9,300,000	08/23/11	3,600,000	-	1,000,000	2,600,000
13,355,000	10/30/12	5,950,000	-	100,000	5,850,000
16,535,000	12/23/13	12,275,000	-	50,000	12,225,000
21,255,000	09/22/14	16,550,000	-	2,560,000	13,990,000
19,960,000	11/30/15	16,430,000	-	3,940,000	12,490,000
24,935,000	06/28/16	24,540,000	-	2,155,000	22,385,000
14,160,000	12/20/16	12,090,000	-	800,000	11,290,000
14,010,000	10/17/17	14,010,000	-	-	14,010,000
11,295,000	10/17/17	11,295,000	-	-	11,295,000
15,000,000	10/03/18	-	15,000,000	-	15,000,000
Total Bonds payable		<u>120,040,000</u>		<u>13,905,000</u>	<u>121,135,000</u>
		<u>\$ 120,739,015</u>	<u>\$ 15,665,642</u>	<u>\$ 14,431,374</u>	<u>\$ 121,973,283</u>
				<u>\$ 121,973,283</u>	<u>\$ 15,263,283</u>

The liability of compensated absences is liquidated with resources from the general fund and several special revenue funds.

New Debt

The District issued Series 2018 General Obligation Bonds in the amount of \$15,000,000 on October 3, 2018. The District will make the first interest payment on February 1, 2019 and will make the first principal payment on August 1, 2019. The bond series will mature on August 1, 2030 with interest rate of 3.00% to 5.00%. The District was at 91% bonding capacity after the issuance of GO Series 2018.

IV. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injury to employees; and natural disasters. The New Mexico Public Schools Insurance Authority (NMPSIA) was formed on April 5, 1985 under the New Mexico Public Schools Insurance Authority Act, Chapter 22, Section 2 of the New Mexico Statutes Annotated (NMSA 1978), as amended, as an insurance fund to provide health, disability and life insurance coverage (benefits coverage), and property, casualty and workers' compensation insurance coverage (risk coverage) to participating public schools, school board members, public school employees, and retirees within the State of New Mexico. The District is one of 91 members that participate in NMPSIA. Participation in NMPSIA is mandatory for all K-12 public schools except those with enrollment exceeding 60,000 students. Participation is voluntary for other public education institutions. The District pays an annual premium to the pool for its general insurance coverage. The agreement for formation of NMPSIA provides that the pool will be self-sustaining through member premiums. NMPSIA establishes self-insured retentions by line of coverage and procures insurance or reinsurance, where indicated, in excess of the self-insured retention on a per occurrence basis. NMPSIA will publish its own financial report for the year ended June 30, 2019.

IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan

Plan Description - Substantially all of the District's full-time employees participate in a public employee retirement system authorized under the Educational Retirement Act (Chapter 22, Article 11, Sections 1 through 52, NMSA 1978). The Educational Retirement Board (ERB) is the administrator of the New Mexico Educational Employees' Retirement Plan (Plan), which is a cost-sharing multiple-employer defined benefit retirement plan. ERB issues a separate, publicly available financial report that includes the financial statements and required supplementary information for the plan. That report may be obtained www.nmerb.org, www.saonm.org, or by writing to:

ERB
P.O. Box 26129
Santa Fe, New Mexico 87502-6129
www.nmerb.org

Membership in the Plan is a condition of employment. Employees of public schools, universities, regional cooperatives, special schools and state agencies providing educational programs, who are employed at more than 25% of a full-time equivalency, are required to be members of the Plan. There were 156,789 active, retired, and inactive members in fiscal year 2018; there were 153,514 active, retired, and inactive members in fiscal year 2017.

Benefits Provided - The plan provides for retirement benefits, disability benefits, survivor benefits and cost-of-living adjustments to plan members (certified teachers, and other employees of State public school districts, colleges and universities) and beneficiaries. Benefits are based on three components: Final Average Salary (FAS), years of both earned and allowed service credits, and a 2.35% factor. The gross annual benefit is determined by multiplying the three components together. FAS is the higher of annual earnings for the previous 20 calendar quarters prior to retirement or the highest average annual earnings for any 20 consecutive calendar quarters.

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 or 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. The eligibility for a member who either becomes a new member on or after July 1, 2010, or at any time prior to that date refunded all member contributions and then became, or becomes, reemployed after that date 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.

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. There are three benefit options available: single life annuity; single life annuity monthly benefit reduced to provide for a 100% survivor's benefit; or single life annuity monthly benefit is reduced to provide for a 50% survivor's benefit.

Retired members and surviving beneficiaries receiving benefits receive an automatic cost of living adjustment (COLA) to their benefit commencing on July 1 following the later of: (i) the year a member retires, or (ii) the year in which a member attains age 65 (Tier 1 and Tier 2) or age 67 (Tier 3).

If the plan's funded ratio for the next preceding fiscal year is 100%, or greater, Section 22-11-31(C)(1) of the New Mexico Statutes Annotated defines the adjustment factor as $\frac{1}{2}$ of the percentage increase of the consumer price index between the next preceding calendar year and the preceding calendar year. The adjustment factor cannot exceed four percent, nor be less than two percent. However, if the percentage increase of the consumer price index is less than two percent, the adjustment factor will be equal to the percentage increase of the consumer price index.

If the plan's funded ratio for the next preceding fiscal year is greater than 90%, but less than 100%, Section 22-11-31(C)(2) indicates that the adjustment factor for all non-disability retirements will be 95% of the adjustment factor defined in Section 22-11-31(C)(1) if the member had 25 or more years of service credit at retirement and whose annuity is less than or equal to the median adjusted annuity for the fiscal year next preceding the adjustment date. For all other retirees eligible for an adjustment, the adjustment factor will be 90% of the adjustment factor defined in Section 22-11-31(C)(1).

IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

If the plan's funded ratio for the next preceding fiscal year is 90%, or less, Section 22-11-31(C)(3) indicates that the adjustment factor for all non-disability retirements will be 90% of the adjustment factor defined in Section 22-11-31(C)(1) if the member had 25 or more years of service credit at retirement and whose annuity is less than or equal to the median adjusted annuity for the fiscal year next preceding the adjustment date. For all other retirees eligible for an adjustment, the adjustment factor will be 80% of the adjustment factor defined in Section 22-11-31(C)(1).

Finally, annuities shall not be decreased in the event that there is a decrease in the consumer price index between the next preceding calendar year and the preceding calendar year.

As of July 1, 2013, for current and future retirees the COLA was immediately reduced until the plan is 100% funded. The COLA reduction was 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%. All other retirees will have a 20% COLA reduction; their average COLA will be 1.6%. 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%. All other retirees will have a 10% COLA reduction; their average will be 1.8%. 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.

A member is eligible for a disability benefit provided (a) he or she has credit for at least 10 years of service, and (b) the disability is approved by ERB. The monthly benefit is equal to 2% of FAS times years of service, but not less than the smaller of (a) one-third of FAS or (b) 2% of FAS times year of service projected to age 60. The disability benefit commences immediately upon the member's retirement. Disability benefits are payable as a monthly life annuity, with a guarantee that, if the payments made do not exceed the member's accumulated contributions, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary. If the disabled member survives to age 60, the regular optional forms of payment are then applied. A member with five or more years of earned service credit on deferred status may retire on disability retirement when eligible under the Rule of 75 or when the member attains age 65.

The member, upon retirement, has three options as to how to receive the benefit.

Option A – If the member elects the Option A, there is no reduction to the monthly benefit other than any “Rule of 75” deductions or any community property or child support reductions. There will be no continuing benefit to a beneficiary or estate upon the retiree's death, except the balance, if any, of member contributions. Those contributions are usually exhausted in the first three to four years of retirement.

Option B – If the member elects Option B, the monthly benefit is reduced to provide for a 100% survivor's benefit. The reduced benefit is payable during the life of the member and upon the retiree's death, the same benefit is paid to the beneficiary for his or her lifetime. The named beneficiary may not be changed after the effective date of retirement since the amount of the option is calculated by using both the age of the member and the beneficiary. If the beneficiary predeceases the member, the member's benefit will be adjusted by returning it to the Option A Benefit amount. The IRS prohibits selection of Option B for a non-spouse beneficiary more than ten years younger than the member.

Option C – If the member elects Option C, the monthly benefit is reduced to provide for a 50% survivor's benefit. The benefit is payable during the life of the member and upon the retiree's death, one half of the member's benefit is paid to the beneficiary for his or her lifetime. Here again, the named beneficiary may not be changed after the effective date of retirement. If the beneficiary predeceases the member, the member's benefit is adjusted by returning it to the Option A Benefit amount.

Under the provisions of Options B and C coverage, the beneficiary must be a person, and only one beneficiary may be named. The term beneficiary means a person having an insurable interest in the life of the member.

Member Contributions – Plan members whose annual salary is \$20,000 or less are required by statute to contribute 7.9% of their gross salary. Plan members whose annual salary is over \$20,000 are required to make the following contributions to the Plan: 10.7% of their gross salary in fiscal year 2019. For the fiscal year June 30, 2020, the salary determination will be increased to \$24,000.

IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

Employer Contributions – In fiscal year 2019, the District was required to contribute 13.9% of the gross covered salary for employees whose annual salary is \$20,000 or less, and 13.9% of the gross covered salary for employees whose annual salary is more than \$20,000. The contribution rate will increase to 14.15% for the year ended June 30, 2020. The contribution requirements of plan members and the District are established in State statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The District’s contributions to ERB for the fiscal year ending June 30, 2019 was \$12,568,362, which equal the amount of the required contributions.

Employers

The Educational Retirement Act designates employers as Local Administrative Units, directly responsible for payment of compensation for the employment of members or participants of this Plan. There were 216 contributing employers in fiscal year 2018; there were 218 contributing employers in fiscal year 2017.

Liabilities, Deferred Outflows of Resources, Deferred Inflows of Resources, and Expense Related to Pensions

At June 30, 2019, the District reported a liability of \$360,554,668 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 that date. 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 school districts and regional education cooperatives, actuarially determined. At June 30, 2018, the District's proportion was 3.03208 percent, which was an increase of 0.00935 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized pension expense of \$62,064,262.

PENSION EXPENSE CALCULATION	
Net pension liability - end of the year	\$ 360,554,668
Net pension liability - beginning of the year	(335,930,138)
Deferred outflows of resources during the year	24,207,224
Deferred inflows of resources during the year	1,491,695
Reductions to ending net pension liability due contributions paid	<u>11,740,813</u>
Total Pension Expense	<u>\$ 62,064,262</u>

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OUTFLOWS	INFLOWS
Difference between expected and actual experience	\$ 263,145	\$ 6,861,935
Change of assumptions	74,308,612	-
Net difference between projected and actual earnings on pension plan investments	798,176	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,630,996	245,579
District contributions subsequent to the measurement date	<u>12,568,362</u>	-
Total	<u>\$ 89,569,291</u>	<u>\$ 7,107,514</u>

IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

Deferred outflows of resources related to pensions in the amount of \$12,568,362 resulted from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020 (pension measurement date June 30, 2019). Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

JUNE 30,	AMORTIZATION
2020	\$ (43,202,112)
2021	(27,059,343)
2022	378,545
2023	(10,505)
2024	-
Thereafter	-
Total	\$ (69,893,415)

Actuarial Assumptions

A single discount rate of 5.69% was used to measure the total pension liability as of June 30, 2018. This single discount rate was based on an expected rate of return on pension plan investments of 7.25 percent and a municipal bond rate of 3.62 percent. Based on the assumptions described below and the projection of cash flows, pension plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current plan members. The long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The total pension liability, net pension liability, and certain sensitivity information are based on an actuarial valuation performed as of June 30, 2018. The total pension liability was rolled forward from the valuation date to the Plan's year ended 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 or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2018. The liabilities reflect the impact of the new assumptions adopted by the Board of Trustees on April 21, 2017 as well as the change in the single discount rate between June 30, 2017 and June 30, 2018. Specifically, the liabilities measured as of June 30, 2018 incorporate the following assumptions:

- 1) All members with an annual salary of more than \$20,000 will contribute 10.7% during the fiscal year ending June 30, 2015 and thereafter.
- 2) Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their Cost of Living Adjustment (COLA) will be deferred until age 67.
- 3) COLAs for most retirees are reduced until ERB attains a 100% funded status.
- 4) The new assumptions adopted by the Board on April 21, 2017 in conjunction with the change in the single discount rate, and
- 5) For purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years.

IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

For the purposes of projecting future benefits, it is assumed that the full COLA is paid in all future years. The actuarial methods and assumptions used to determine contributions rates included in the measurement are as follows:

Actuarial Cost Method:	Entry age normal
Amortization Method:	Level Percentage of Payroll
Remaining Period:	Amortized - closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method:	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation:	3.00%
Salary Increases:	Composition: 2.50% inflation, plus 0.75% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return:	7.25%
Single Discount Rate:	5.69%
Retirement Age:	Experience based table of age and service rates
Mortality:	Healthy Males – RP-2000 Combined Mortality Table with white collar adjustments, generational mortality improvements with scale BB.

Healthy Females – 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.

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class. Best estimates of geometric real rates of return for each major asset class included in the Plan's target asset allocation for 2018 and 2017 for 30-year return assumptions are summarized in the following table:

<u>Asset Class</u>	<u>2018 Long-Term Expected Real Rate of Return</u>	<u>2017 Long-Term Expected Real Rate of Return</u>
Cash	-0.49%	-0.25%
U.S. Treasuries	-0.01%	0.25%
IG Corp Credit	1.44%	1.75%
Mortgage Backed Securities	-0.01%	0.25%
Core Bonds*	0.47%	0.75%
Treasury Inflation Protected Securities	0.48%	0.50%
High-Yield Bonds	2.13%	2.50%
Bank Loans	2.16%	2.75%
Global Bonds (Unhedged)	-0.75%	-0.50%
Global Bonds (Hedged)	-0.47%	-0.38%
Emerging Market Debt External	1.64%	2.50%
Emerging Market Debt Local Currency	3.10%	3.25%
Large Cap Equities	4.03%	4.25%
Small/ Mid Cap Equities	4.24%	4.50%
International Equities (Unhedged)	4.24%	4.50%
International Equities (Hedged)	4.65%	4.89%
Emerging International Equities	5.61%	6.25%
Private Equity	5.92%	6.25%
Private Debt	4.07%	4.75%
Private Real Assets	4.24%	5.90%
Real Estate	3.10%	3.25%
Commodities	2.08%	2.25%
Hedge Funds	2.97%	3.22%

IV. OTHER INFORMATION (cont'd)

B. Employee Retirement Plan (cont'd)

Rate of Return

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

- 1) Rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.),
- 2) Application of key economic projections (inflation, real growth, dividends, etc.), and
- 3) Structural themes (supply and demand imbalances, capital flows, etc.).

These items are developed for each major asset class.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate Assumption

The following table shows the sensitivity of the net pension liability to changes in the discount rate as of fiscal year end 2018, 2017, and 2016. In particular, the table presents the Plan's net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (1% decrease) or one percentage point higher (1% increase) than the single discount rate.

	CURRENT SINGLE RATE			
	Discount Rate	1% Decrease	Single Rate Assumption	1% Increase
ERB (All Employers)				
2018	5.69%	\$ 15,454,175,919	\$ 11,891,330,976	\$ 8,984,271,849
2017	5.90%	14,466,972,041	11,113,468,217	8,372,251,980
2016	7.75%	9,531,509,131	7,196,433,561	5,258,980,529
Rio Rancho Public School District No. 94				
2018	5.69%	\$ 468,582,977	\$ 360,554,668	\$ 272,410,310
2017	5.90%	437,297,499	335,930,138	253,070,568
2016	7.75%	288,889,557	218,115,985	159,393,915

C. Post-Retirement Health Care Benefits

Plan Description

Plan Description - The District, as an employer, contributes to the New Mexico Retiree Health Care Fund (RHCA), a cost-sharing multiple-employer defined benefit postemployment healthcare plan. The plan provides healthcare insurance and prescription drug benefits to retired employees of participating employers, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies. RHCA issues a separate, publicly available financial report that includes the financial statements and required supplementary information for the plan. That report may be obtained www.nmrhca.org, www.saonm.org, or by writing to:

Retiree Health Care Authority
4308 Carlisle NE, Suite 104
Albuquerque, NM 87107

The plan is used to provide postemployment benefits other than pensions (OPEB) for retirees who were an employee of participating employer in either the New Mexico Public Employees Retirement Association (PERA) or Educational Retirement Board (ERB), eligible to receive a pension. For employers who "buy-in" to the plan, retirees are eligible for benefits six months after the effective date of employer participation. Retirees not in a PERA enhanced (Fire, Police, Corrections) pension plan who commence benefits on or after January 1, 2020 will not receive any subsidy from RHCA before age 55.

IV. OTHER INFORMATION (cont'd)

C. Post-Retirement Health Care Benefits (cont'd)

Eligible retirees are:

- 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which the event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement;
- 2) retirees defined by the Act who retired prior to July 1, 1990;
- 3) former legislators who served at least two years; and
- 4) former governing authority members who served at least four years.

There were 156,025 active, retired, surviving spouses, and inactive members in fiscal year 2018; there were 160,035 active, retired, surviving spouses, and inactive members in fiscal year 2017.

Funding Policy

The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service-based subsidy rate schedule for the medical, plus basic life plan, plus an additional participation fee of five dollars (\$5) if the eligible participant retired prior to the employer's effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from RHCA or viewed on their website at www.nmrhca.org.

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the fund in the amount determined to be appropriate by the Board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2013, the statute required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2014, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

Benefits Provided - Retirees and spouses are eligible for medical and prescription drug benefits. Dental and vision benefits are also available but were not included in any valuation since they are 100% retiree-paid. A description of these benefits may be found in Enrolled Participants at www.nmrhca.org.

Member Contributions – Employees that were not members of an enhanced plan, the statute required each participating employee was required to contribute 1% of their gross salary in fiscal year 2019.

Employer Contributions – In fiscal year 2019, the District was required to contribute 2% of the gross covered salary for employees who are entitled to RHCA benefits. The District's contributions to RHCA for the fiscal year ending June 30, 2019 was \$1,806,475, which equal the amount of the required contributions for each fiscal year.

Employers - The Educational Retirement Act designates employers as Local Administrative Units, directly responsible for payment of compensation for the employment of members or participants of this Plan. There were 302 contributing employers in fiscal year 2019.

IV. OTHER INFORMATION (cont'd)

C. Post-Retirement Health Care Benefits (cont'd)

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

At June 30, 2019, the District reported a liability of \$92,754,757 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2018, the District's proportion was 2.1331 percent, which was an increase of 0.11941 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the District recognized OPEB expense of \$900,711.

OPEB EXPENSE CALCULATION	
Net OPEB liability - end of the year	\$ 92,754,757
Net OPEB liability - beginning of the year	(91,253,846)
Deferred outflows of resources during the year	(5,481,523)
Deferred inflows of resources during the year	3,196,961
Reductions to ending net OPEB liability due contributions paid	1,684,362
Total OPEB Expense	\$ 900,711

At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OUTFLOWS	INFLOWS
Difference between expected and actual experience	\$ -	\$ 5,491,676
Change of assumptions	-	17,316,901
Net difference between projected and actual earnings on OPEB plan investments	-	1,157,545
Changes in proportion and differences between District contributions and proportionate share of contributions	5,481,523	-
District contributions subsequent to the measurement date	1,806,475	-
Total	\$ 7,287,998	\$ 23,966,122

Deferred outflows of resources related to OPEB in the amount of \$1,806,475 resulted from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020 (OPEB measurement date June 30, 2019). Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

JUNE 30,	AMORTIZATION
2020	\$ 4,927,934
2021	4,927,934
2022	4,927,934
2023	3,541,118
2024	159,679
Thereafter	-
Total	\$ 18,484,599

IV. OTHER INFORMATION (cont'd)

C. Post-Retirement Health Care Benefits (cont'd)

Actuarial Assumptions

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 OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2028.

A blended rate of the assumed investment return on Plan assets (e.g. 7.25% for the June 30, 2019 valuation) and the rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (e.g. 3.58% as of June 30, 2017). The 7.25% discount rate was used to calculate the net OPEB liability through June 30, 2029. Benefit payments after June 30, 2029 are then discounted by the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher, currently 4.08%. The blended discount rate of 4.08% was used to measure the total OPEB liability as of June 30, 2018.

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018 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
Amortization Method:	30-year open-ended amortization, level percent of payroll
Remaining Period:	30 years as of June 30, 2016
Asset Valuation Method:	Market value of assets

Actuarial assumptions

Inflation:	2.50% for ERB; 2.25% for PERA
Projected Salary Increases:	3.5% to 12.50% based on years of service, including inflation
Investment Rate of Return:	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health Care Cost Trend Rate:	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs

Rate of Return

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

<u>Asset Class</u>	2018	2017
	<u>Long-Term Expected Real Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %</u>
U.S. core fixed income	2.1	9.1
U.S. equity - large cap	7.1	9.1
Non U.S. - emerging markets	10.2	12.2
Non U.S. - developed equities	7.8	9.8
Private equity	11.8	13.8
Credit and structured finance	5.3	7.3
Real estate	4.9	6.9
Absolute return	4.1	6.1
U.S. equity - small/mid cap	7.1	9.1

IV. OTHER INFORMATION (cont'd)

C. Post-Retirement Health Care Benefits (cont'd)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate Assumption

The following table shows the sensitivity of the net OPEB liability to changes in the discount rate as of June 30, 2018. In particular, the table presents the Plan's net OPEB liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (1% decrease) or one percentage point higher (1% increase) than the single discount rate.

		CURRENT SINGLE RATE			
		Discount Rate	1% Decrease	Single Rate Assumption	1% Increase
RHCA (All Employers)					
2018	4.08%	\$ 5,262,533,266	\$ 4,348,354,815	\$ 3,627,778,443	
2017	3.81%	5,496,848,763	4,531,673,018	3,774,405,896	
Rio Rancho Public School District No. 94					
2018	4.08%	\$ 112,255,097	\$ 92,754,757	\$ 77,384,142	
2017	3.81%	110,689,494	91,253,846	76,004,834	

The following presents the Net OPEB Liability of RHCA as of June 30, 2018, as well as what the Fund's Net OPEB Liability would be if it were calculated using a health cost trend rate that is one percentage point lower (1% decrease) or one percentage point higher (1% increase) than the health cost trend rates used:

		HEALTH COST TREND RATE		
		1% Decrease	Current Trend Rates	1% Increase
RHCA (All Employers)				
2018	\$ 3,675,884,346	\$ 4,348,354,815	\$ 4,875,586,778	
Rio Rancho Public School District No. 94				
2018	\$ 78,410,289	\$ 92,754,757	\$ 104,001,142	

C. Contingent Liabilities

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

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the government.

D. Cash Flows

The District's federal and state grants operate on a reimbursement basis. The District must support the expenditures of these grants with monies from the unrestricted operating monies. Operating on a reimbursement basis for these grants in its self does not adversely affect the District's ability to operate effectively. However, the time it takes to receive reimbursements, if extensive, does significantly affect the District's cash flows and the ability to deliver educational services to the community in an effective manner. This could affect the District's financial operations in subsequent years.

IV. OTHER INFORMATION (cont'd)

E. Tax Abatements

The District is not a taxing authority and does not create, or enter into, any tax abatement agreements. However, the tax revenue which the District relies upon to fund debt service, capital improvement, maintenance and operations, is directly impacted by tax abatement agreements entered into by taxing authorities, such as the Sandoval County and City of Rio Rancho governments. New Mexico statutes allow certain taxing authorities to enter into tax abatement agreements. The four tax abatement agreements that effect the District's available tax revenue are the following:

Agency number for Agency making the disclosure (Abating Agency)	5025
Abating Agency Name	Sandoval County, New Mexico
Abating Agency Type	County Government
Tax Abatement Agreement Name	\$16,000,000,000 Sandoval County, New Mexico Taxable Industrial Revenue Bonds, (Intel Corporation Project), Series 2004 C3
Name of agency affected by abatement agreement (Affected Agency)	Rio Rancho Public Schools
Agency number of Affected Agency	7090
Agency type of Affected Agency	School District
Recipient(s) of tax abatement	Intel Corporation
Tax abatement program (name and brief description)	Intel Corporation Project
Specific Tax(es) Being Abated	Property Tax on real property and personal property used in business
Authority under which abated tax would have been paid to Affected Agency	Property Tax Code NMSA Chapter 7 Articles 35-38
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$2,576,141 for 2018 Debt Service levy proceeds, \$603,029 for Capital Improvement levy proceeds, and \$150,757 for Operational levy proceeds.
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	N/A
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A

IV. OTHER INFORMATION (cont'd)

E. Tax Abatements (cont'd)

Agency number for Agency making the disclosure (Abating Agency)	6147
Abating Agency Name	City of Rio Rancho
Abating Agency Type	Municipality (Home Rule)
Tax Abatement Agreement Name	Industrial Revenue Bond Project - Lease Agreement
Name of agency affected by abatement agreement (Affected Agency)	Rio Rancho Public Schools
Agency number of Affected Agency	7090
Agency type of Affected Agency	School District
Recipient(s) of tax abatement	Bank of America
Tax abatement program (name and brief description)	Industrial Revenue Bonds - Authorize issuance of \$9,000,000 in industrial revenue bonds, Series 1998B, the proceeds of which will be used to finance the acquisition and construction of property. The property is leased to the Bank of America.
Specific Tax(es) Being Abated	Property Taxes
Authority under which abated tax would have been paid to Affected Agency	Property Tax Code NMSA Chapter 7 Articles 35-38
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$ 39,108
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	\$ 39,108
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A

IV. OTHER INFORMATION (cont'd)

E. Tax Abatements (cont'd)

Agency number for Agency making the disclosure (Abating Agency)	6147
Abating Agency Name	City of Rio Rancho
Abating Agency Type	Municipality (Home Rule)
Tax Abatement Agreement Name	Industrial Revenue Bond Project - Lease Agreement
Name of agency affected by abatement agreement (Affected Agency)	Rio Rancho Public Schools
Agency number of Affected Agency	7090
Agency type of Affected Agency	School District
Recipient(s) of tax abatement	Call, LLC
Tax abatement program (name and brief description)	Authorize an additional \$5,000,000 in Industrial Revenue Bonds in addition to \$11,000,000 in bonds that were issued in 1998 (Series A) for a total of \$16,000,000. Extend the Series A final maturity from 2023 to 2028. The bonds were issued for the purpose of making facility improvements and upgrades, as well as expanding parking capacity for the facility. The City will lease the facility to Call, LLC who will be sub-lease to Safelite Solutions LLC.
Specific Tax(es) Being Abated	Property Taxes
Authority under which abated tax would have been paid to Affected Agency	Property Tax Code NMSA Chapter 7 Articles 35-38
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$ 52,256
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	\$ 52,256
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A

IV. OTHER INFORMATION (cont'd)

E. Tax Abatements (cont'd)

Agency number for Agency making the disclosure (Abating Agency)	6147
Abating Agency Name	City of Rio Rancho
Abating Agency Type	Municipality (Home Rule)
Tax Abatement Agreement Name	Industrial Revenue Bond Project - Lease Agreement
Name of agency affected by abatement agreement (Affected Agency)	Rio Rancho Public Schools
Agency number of Affected Agency	7090
Agency type of Affected Agency	School District
Recipient(s) of tax abatement	Titan City Center, LLC
Tax abatement program (name and brief description)	HP IRB -Issuance of an Industrial Revenue Bond in the maximum principal amount of \$63,500,000 to provide funds to finance the acquisition, construction and equipping of an industrial revenue project. The City will lease the property to the Titan City Center, LLC which will be sub-leased to Hewlett-Packard Company.
Specific Tax(es) Being Abated	Property Taxes
Authority under which abated tax would have been paid to Affected Agency	Property Tax Code NMSA Chapter 7 Articles 35-38
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$ 144,216
For any Payments in Lieu of Taxes (PILOTs) or similar payments receivable by the Affected Agency in association with the foregone tax revenue, list the amount of payments received in the current fiscal year	\$ 144,216
If the Abating Agency is omitting any information required in this spreadsheet or by GASB 77, cite the legal basis for such omission	N/A

IV. OTHER INFORMATION (cont'd)

F. Subsequent Events

Subsequent events were evaluated through October 7, 2019 which is the date the financial statements were available to be issued.

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY
Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years*

For the year ended:	Measurement date of June 30:	District's proportion of the net pension liability	District's proportionate share of the net pension liability	District's covered-employee payroll	District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
June 30, 2019	2018	3.032080%	\$360,554,668	\$ 84,466,280	426.86%	52.19%
June 30, 2018	2017	3.022700%	335,930,138	85,961,504	390.79%	52.95%
June 30, 2017	2016	3.030900%	218,115,985	86,353,800	252.58%	61.58%
June 30, 2016	2015	2.947000%	190,885,038	80,461,541	237.24%	63.97%
June 30, 2015	2014	2.945800%	168,077,189	81,195,899	207.00%	66.54%
June 30, 2014	2013	-	-	-	-	-
June 30, 2013	2012	-	-	-	-	-
June 30, 2012	2011	-	-	-	-	-
June 30, 2011	2010	-	-	-	-	-
June 30, 2010	2009	-	-	-	-	-

* These schedules are intended to present 10 years of trending history. However, information is not available prior to the year ended June 30, 2015 and, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years*

	Contractually required contribution	Contributions in relation to the contractually required	Contribution deficiency (excess)	District's Covered-employee Payroll	Contribution as a percentage of covered-employee payroll
June 30, 2019	\$ 12,568,362	\$ 12,568,362	\$ -	\$ 90,271,730	13.90%
June 30, 2018	11,740,813	11,740,813	-	84,466,280	13.90%
June 30, 2017	11,948,649	11,948,649	-	85,961,504	13.90%
June 30, 2016	12,001,503	12,001,503	-	86,353,800	13.90%
June 30, 2015	11,601,785	11,601,785	-	83,466,079	13.90%
June 30, 2014	-	-	-	-	-
June 30, 2013	-	-	-	-	-
June 30, 2012	-	-	-	-	-
June 30, 2011	-	-	-	-	-
June 30, 2010	-	-	-	-	-

* These schedules are intended to present 10 years of trending history. However, information is not available prior to the year ended June 30, 2015 and, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE
NET OPEB LIABILITY
Retiree Health Care Authority (RHCA) OPEB Plan
Last 10 Fiscal Years*

For the year ended:	Measurement date of 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
June 30, 2019	2018	2.133100%	\$ 92,754,757	\$ 84,466,280	109.81%	13.14%
June 30, 2018	2017	2.013690%	91,253,846	85,961,504	106.16%	11.34%
June 30, 2017	2016	-	-	-	-	-
June 30, 2016	2015	-	-	-	-	-
June 30, 2015	2014	-	-	-	-	-
June 30, 2014	2013	-	-	-	-	-
June 30, 2013	2012	-	-	-	-	-
June 30, 2012	2011	-	-	-	-	-
June 30, 2011	2010	-	-	-	-	-
June 30, 2010	2009	-	-	-	-	-

* These schedules are intended to present 10 years of trending history. However, information is not available prior to the year ended June 30, 2018 and, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
Retiree Health Care Authority (RHCA) OPEB Plan
Last 10 Fiscal Years*

	Contractually required contribution	Contributions in relation to the contractually required	Contribution deficiency (excess)	District's Covered-employee Payroll	Contribution as a percentage of covered-employee payroll
June 30, 2019	\$ 1,806,475	\$ 1,806,475	\$ -	\$ 90,271,730	2.00%
June 30, 2018	1,684,362	1,684,362	-	84,466,280	2.00%
June 30, 2017	-	-	-	-	-
June 30, 2016	-	-	-	-	-
June 30, 2015	-	-	-	-	-
June 30, 2014	-	-	-	-	-
June 30, 2013	-	-	-	-	-
June 30, 2012	-	-	-	-	-
June 30, 2011	-	-	-	-	-
June 30, 2010	-	-	-	-	-

* These schedules are intended to present 10 years of trending history. However, information is not available prior to the year ended June 30, 2018 and, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2019

Changes of benefit terms: The COLA and retirement eligibility benefits changes in recent years are described in the Benefits Provided subsection of the financial statement note disclosure General Information on the Pension Plan.

Changes of assumptions: ERB 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, 2016. There were no modifications to the benefit provisions that were reflected in the actuarial valuation as of June 30, 2018.

Assumptions that were not changed:

- a. Wage inflation 3.25%
- b. Payroll growth 3.00%
- c. COLA assumption 1.90% per year
- d. Salary increases at 2.50% inflation, plus 0.75% productivity increase rate, plus step-rate promotional increases for less than ten years of service
- e. Inflation rate 2.50%
- f. Investment return 7.25%

See also the Note VI (B) *Actuarial Assumptions* of the financial statement note disclosure on the Pension Plan.

Changes of assumptions: 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 4.5% over 14 years for Non-Medicare medical plan costs and 7.5%

See also the Note IV (C) *Actuarial Assumptions* of the financial statement note disclosure on the OPEB Plan.

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OTHER SUPPLEMENTAL INFORMATION
OF
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

AS OF AND FOR THE YEAR ENDED
JUNE 30, 2019

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GENERAL FUNDS

(OTHER SUPPLEMENTAL INFORMATION)

Operating Fund (Fund No. 11000)

The government's primary fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Transportation Fund (Fund No. 13000)

Accounts for all the Transportation funds received through the state that are used in the maintaining and operating vehicles used to transport students.

Instructional Materials Fund (Fund No. 14000)

Accounts for all the Instructional Materials funds received through the state for the purpose of acquiring study materials for the students.

STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

GENERAL FUNDS
Combining Balance Sheet
June 30, 2019

	Operational Fund #11000	Transportation Fund #13000	Instructional Materials Fund #14000	Total General Funds
Assets				
Cash and cash equivalents	\$ 14,564,014	\$ 350,934	\$ -	\$ 14,914,948
Investments	15,138,190	-	-	15,138,190
Receivables:				
Property taxes	50,962	-	-	50,962
Other receivables	173,155	-	-	173,155
Due from other governments	6,581	-	36,934	43,515
Due from other funds	3,423,427	-	-	3,423,427
Supplies inventory	113,664	-	-	113,664
Total assets	<u>\$ 33,469,993</u>	<u>\$ 350,934</u>	<u>\$ 36,934</u>	<u>\$ 33,857,861</u>
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ 575,202	\$ 7,949	\$ -	\$ 583,151
Accrued salaries	13,941,576	350,934	-	14,292,510
Due to other funds	-	-	31,149	31,149
Total liabilities	<u>14,516,778</u>	<u>358,883</u>	<u>31,149</u>	<u>14,906,810</u>
 Deferred inflows of resources:				
Delinquent property taxes	<u>47,452</u>	<u>-</u>	<u>-</u>	<u>47,452</u>
 Fund balance:				
Non-spendable:				
Inventories	113,664	-	-	113,664
Restricted for:				
Instructional materials	-	-	5,785	5,785
Committed to:				
Subsequent year's expenditures	14,152,145	-	-	14,152,145
Unassigned	<u>4,639,954</u>	<u>(7,949)</u>	<u>-</u>	<u>4,632,005</u>
Total fund balance	<u>18,905,763</u>	<u>(7,949)</u>	<u>5,785</u>	<u>18,903,599</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 33,469,993</u>	<u>\$ 350,934</u>	<u>\$ 36,934</u>	<u>\$ 33,857,861</u>

STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

GENERAL FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2019

	General Funds			Total General Fund
	Operational Fund #11000	Transportation Fund #13000	Instructional Materials Fund #14000	
Revenues:				
Taxes:				
Property	\$ 732,279	\$ -	\$ -	\$ 732,279
Intergovernmental - federal grants	474,721	-	-	474,721
Intergovernmental - state grants	130,491,942	3,003,466	621,532	134,116,940
Contributions - private grants	100,395	-	-	100,395
Payments in lieu of taxes	138,736	-	-	138,736
Charges for services	389,105	-	-	389,105
Investment and interest income	130,484	-	-	130,484
Miscellaneous	44,824	-	-	44,824
Total revenue	132,502,486	3,003,466	621,532	136,127,484
Expenditures:				
Current:				
Instruction	76,716,274	-	794,717	77,510,991
Support services:				
Students	14,204,736	-	-	14,204,736
Instruction	2,612,056	-	-	2,612,056
General Administration	3,942,113	-	-	3,942,113
School Administration	7,789,923	-	-	7,789,923
Central Services	4,924,274	-	-	4,924,274
Operation & Maintenance of Plant	15,776,926	-	-	15,776,926
Student transportation	1,300,453	2,994,995	-	4,295,448
Other Support services	80,103	-	-	80,103
Community services	521	-	-	521
Capital outlay	105,376	-	-	105,376
Total expenditures	127,452,755	2,994,995	794,717	131,242,467
<i>Excess (deficiency) of revenues over expenditures</i>	5,049,731	8,471	(173,185)	4,885,017
Fund balance at beginning of the year	13,856,032	(16,420)	178,970	14,018,582
Fund balance at end of the year	\$ 18,905,763	\$ (7,949)	\$ 5,785	\$ 18,903,599

STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

OPERATIONAL FUND - NO. 11000
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
				Positive (Negative)
Revenues:				
Taxes:				
Property	\$ 702,800	\$ 702,800	\$ 730,571	\$ 27,771
Intergovernmental - federal grants	180,000	180,000	474,721	294,721
Intergovernmental - state grants	130,192,063	130,316,949	130,491,942	174,993
Contributions - private grants	190,000	190,000	91,003	(98,997)
Charges for services	287,500	287,500	463,806	176,306
Investment and interest income	82,000	82,000	130,484	48,484
Miscellaneous	<u>205,000</u>	<u>205,000</u>	<u>170,511</u>	<u>(34,489)</u>
Total revenues	<u>131,839,363</u>	<u>131,964,249</u>	<u>132,553,038</u>	<u>588,789</u>
Expenditures:				
Current:				
Instruction	85,968,653	85,701,286	76,696,526	9,004,760
Support services:				
Students	16,689,526	17,851,122	14,195,971	3,655,151
Instruction	2,529,152	2,522,237	2,610,655	(88,418)
General Administration	4,720,536	4,721,905	3,974,610	747,295
School Administration	7,746,715	7,800,909	7,795,082	5,827
Central Services	4,748,835	4,748,835	4,921,532	(172,697)
Operation & Maintenance of Plant	15,740,134	16,275,251	14,974,690	1,300,561
Student transportation	1,108,500	1,108,500	1,300,453	(191,953)
Other Support services	1,261,251	1,261,251	81,521	1,179,730
Community services	-	-	521	(521)
Capital outlay	<u>59,890</u>	<u>3,808,890</u>	<u>653,361</u>	<u>3,155,529</u>
Total expenditures	<u>140,573,192</u>	<u>145,800,186</u>	<u>127,204,922</u>	<u>18,595,264</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(8,733,829)	(13,835,937)	5,348,116	19,184,053
<i>Beginning cash balance budgeted</i>	8,733,829	13,835,937	-	(13,835,937)
Fund balance at beginning of the year	<u>-</u>	<u>-</u>	<u>13,856,032</u>	<u>13,856,032</u>
Fund balance at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>19,204,148</u>	<u>\$ 19,204,148</u>
RECONCILIATION TO GAAP BASIS:				
Change in inventory			(249,468)	
Change in receivables			39,407	
Change in property tax receivable			394	
Change in due from other governments			6,581	
Change in payables			(90,032)	
Change in deferred property taxes			<u>(5,267)</u>	
Fund balance at end of the year (GAAP basis)			<u>\$ 18,905,763</u>	

STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

TRANSPORTATION FUND - NO. 13000
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Intergovernmental - state grants	\$ 3,003,695	\$ 3,003,695	\$ 3,003,695	\$ -
Expenditures:				
Current:				
Support services:				
Student transportation	3,003,695	3,003,695	3,003,695	-
<i>Excess of revenues over expenditures</i>	-	-	-	-
Fund balance (deficit) at beginning of the year	-	-	(16,420)	(16,420)
Fund balance at end of the year	\$ -	\$ -	(16,420)	\$ (16,420)
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			(229)	
Change in payables			8,700	
Fund balance (deficit) at end of the year (GAAP basis)			\$ (7,949)	

STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

INSTRUCTIONAL MATERIALS FUND - NO. 14000
**Statement of Revenues, Expenditures, and
 Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Intergovernmental - state grants	\$ 581,144	\$ 618,079	\$ 584,625	\$ (33,454)
Expenditures:				
Current:				
Instruction	581,144	810,443	808,138	2,305
<i>Excess (deficiency) of revenues over expenditures</i>	-	(192,364)	(223,513)	(31,149)
<i>Beginning cash balance budgeted</i>	-	192,364	-	(192,364)
Fund balance at beginning of the year	-	-	178,970	178,970
Fund balance at end of the year	\$ -	\$ -	(44,543)	\$ (44,543)
RECONCILIATION TO GAAP BASIS:				
Change in due from other governments			36,906	
Change in payables			13,422	
Fund balance at end of the year (GAAP basis)			\$ 5,785	

NONMAJOR GOVERNMENTAL FUNDS

(OTHER SUPPLEMENTAL INFORMATION)

Funds that did not meet the requirements of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis* to be considered Major Funds and have not been identified as Major Funds by management.

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Nonmajor Special Revenue Funds

Special revenue funds are operating funds used to account for the proceeds of specific revenue sources that are intended for specific purposes other than special assessments or major capital projects.

- Food Service** (Fund No. 21000) Minimum Balance: None
 This program provides financing for the school breakfast and lunch program. Funding is provided from fees from patrons and USDA food reimbursements, under the National School Lunch Act of 1946, as amended, Public Law 79-396, Sections 2-4, 60 Stat. 230, 42 U.S.C. 1751 et seq.; 80 stat. 889, as amended; 84 stat. 270; and the Child Nutrition Act of 1966, as amended, Sections 4 and 10. Public Law 89-642, 80 stat. 886, 889, 42 U.S.C. 1773, 1779; Public Law 99-591, 100 stat. 3341; Public Law 100-71, 101 stat. 430.
- Athletics** (Fund No. 22000) Minimum Balance: None
 This fund provides financing for school athletic activities. Funding is provided by fees from patrons.
- Non-Instructional Support** (Fund No. 23000) Minimum Balance: None
 To account for funds paid to the Schools for student activity travel. Accumulated funds are used to replace activity buses. Funding authority is the New Mexico Public Education Department.
- Title I** (Fund No. 24101) Minimum Balance: None
 To help local education agencies (LEAs) and schools improve the teaching and learning of children failing, or most at-risk of failing, to meet challenging State academic standards. Funding authorization: Elementary and Secondary Education Act of 1965, Title I, Part A, 20 U.S.C. 6301 et seq.
- Entitlement IDEA-B** (Fund No. 24106) Minimum Balance: None
 Program provides grants to states that flow-through to schools, to assist them in providing a free appropriate public education to all children with disabilities. The program is funded by the United States government, under the Individuals with Disabilities Education Act, Part B, Section 611-617, and part D, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420.
- NM Autism Project** (Fund No. 24108) Minimum Balance: None
 The purpose of this fund is to support the implementation of the NMAP's researched based model to improve outcomes for students with Autism Spectrum Disorders (ASD). The program is funded by the United States government, under the Individuals with Disabilities Education Act, Part B, Section 611-617, and part D, Section 674 as amended, 20 U.S.C. 1711-1417 and 1420. Authority for creation of this fund is New Mexico State Autism Spectrum Disorder Project.
- Preschool IDEA-B** (Fund No. 24109) Minimum Balance: None
 The Preschool program is for the purpose of enhancing Special Education for handicapped children from ages 3 to 5. The program is funded by the United States government, under the Individuals With Disabilities Act, Part B, Section 619, as amended, Public Laws 94-142, 99-457, 100-630, 101-497, and 101-476.
- Education of Homeless** (Fund No. 24113) Minimum Balance: None
 To ensure that all homeless children and youth have equal access to the same free, appropriate public education available to other children, the Education for Homeless Children and Youth program provides assistance to States, Outlying Areas, and the Department of Interior/Bureau of Indian Education (BIE) to: (1) establish or designate an Office of Coordinator of Education of Homeless Children and Youths; (2) develop and carry out a State plan for the education of homeless children; and (3) make subgrants to local educational agencies to support the education of those children. Authorization: McKinney-Vento Homeless Assistance Act, Title VII, Subtitle B.
- Private Schools Share IDEA-B** (Fund No. 24115) Minimum Balance: None
 Under 34 CFR §§ 300.132-300.133, local educational agencies (LEA) must spend a proportionate amount of their IDEA-B Basic Entitlement and, if applicable, Preschool sub-grant funds for special education and related services ("equitable participation services" to students with disabilities who are parentally placed in private elementary and secondary schools ("equitable participation services") located in the school district served by the LEA. The private schools must be nonprofit institutions. Children aged three through five are considered to be parentally-placed private school children with disabilities only if they are enrolled in a private school that meets the definition of elementary school in 34 CFR §300.13. New Mexico State law defines an elementary school as "a public school providing instruction for grades kindergarten through eight, unless there is a junior high school program approved by the state board [department], in which case it means a public school providing instruction for grades kindergarten through six" 22-1-3(A) NMSA 1978.
- Leadership – Voc. Ed.** (Fund No. 24139) Minimum Balance: None
 To support areas with high percentages of Career Technical Education students, or areas with high numbers of career Technical Education students and provide career technical education services that address identified needs within the State of New Mexico. The authority for creation of this fund is the New Mexico Public Education Department.

Nonmajor Special Revenue Funds (cont'd)

Title III English Language (Fund No. 24153) Minimum Balance: None
To ensure that limited English proficient children (LEP) and youth, including immigrant children and youth, attain English proficiency and meet the same standards as all children and youth are expected to meet; to provide assistance to Native American, Native Hawaiian, Native American Pacific Islander, and Alaskan native children with certain modifications relative to the unique status of native American language under Federal Law; to develop to the extent possible, the native language skills of such children. The fund is authorized through the Elementary and Secondary Education Act (ESEA), as amended, Title III, Part A, Sections 3101,3129.

Title II Teacher Quality (Fund No. 24154) Minimum Balance: None
To provide grants to State Education Agencies (SEAs) on a formula basis to increase student academic achievement through strategies such as improving teacher and principal quality and increasing the number of highly qualified teachers in the classroom and highly qualified principals and assistant principals in schools and hold local educational agencies and schools accountable for improvements in the academic achievement. Authorization is granted through the Elementary and Secondary Education Act of 1965, as amended, Title II, Part A, Public Law 107-110.

Carl D Perkins (Fund No. 24171, 24174, 24175, & 24176) Minimum Balance: None
The redistribution component of the Carl D. Perkins program represents an allocation of remaining balances from the Carl D. Perkins Career and Technical Education Act (Perkins IV-Year 4). The program is funded by the United States government, under the Carl D. Perkins Vocational-Technical Education Act Amendments, Title I; 20 U.S.C. 2321 et seq., Public Law 105-332.

Student Support and Academic Achievement (Fund No. 24189) Minimum Balance: None
The objective of this grant is to support well-rounded educational opportunities, safe and healthy students and effective use of technology. The Every Student Succeeds Act (ESSA) was signed into law in December 2015. It reauthorized the Elementary and Secondary Education Act in 1965 (ESSA). Newly authorized under subpart 1 of Title IV, Part A of the ESEA is the Student Support and Academic Enrichment (SSAE) program.

Title I Comprehensive Support and Improvement (Fund No. 24190) Minimum Balance: None
Under the New Mexico Public Education Department's (NMPED) approved Every Student Succeeds Act (ESSA), the state' lowest-achieving schools are identified as Comprehensive Support and Improvement (CSI) schools. As a result, CSI schools, with the support of the larger Local Education Agency (LEA) and school community, have an opportunity to develop and implement targeted interventions with the goal of achieving dramatic school-level achievement gains such that the school is in good academic standing within three years. Funding authorization: Elementary and Secondary Education Act of 1965, as amended, Title I, Part B.

Title XIX Medicaid (Fund No. 25153) Minimum Balance: None
To provide financial assistance from the Federal government which flows-through the State of New Mexico to school districts, for payments of medical assistance on behalf of cash assistance recipients, children, pregnant women and the aged who meet income and resource requirements, and other categorically-eligible groups. The program is funded by the U.S. government under the Social Security Act, Title XIX, as amended; Public Laws 92-223, 92-602, 93-66, 93-233, 96-499, 97-35, 97-2248, 98-369, 99-272, 99-509, 100-93, 100-202, 100-203, 100-360, 100-436, 100-485, 100-647, 101-166, 101-234, 101-239, 101-508, 101-517, 102-234, 102-170, 102-394, 103-66, 103-14, 103-333, 104-91, 104-191, 104-193, 104-208, and 104-134; Balanced Budget Act of 1997, Public Law 105-33.

Indian Education Formula Grant (Fund No. 24184) Minimum Balance: None
To account for a program funded by a Federal grant to develop and carry out supplementary elementary and secondary school programs designed to meet the special educational and culturally related academic needs of Indian children, for example to: 1) Improve academic performance, 2) Reduce school dropout rates and improve attendance, and 3) Integrate the value of cultural education into the school curriculum for Indian children. Funding authorized by Indian Education Act of 1988, Title V, Part C, Subpart 1, as amended, Public Law 100-297 and 93-638, U.S.C. 2601-2606.

LANL Foundation (Fund No. 26113) Minimum Balance: None
Local grant sponsored by Los Alamos National Laboratory that was used to provide a scholarship to a senior high student that was to be used in a four-year program for educational efforts in pursuing an engineering degree at a New Mexico college or university.

The LANL Foundation's Education Outreach Grants are open to school districts, nonprofit New Mexico educational institutions, IRS-qualified 501(c)(3) organizations, government agencies, and Pueblo/Tribal communities serving Los Alamos, Mora, Rio Arriba, San Miguel, Sandoval, Santa Fe, and Taos counties.

Intel Foundation (Fund No. 26116) Minimum Balance: None
To account for a grant received from Intel Corporation – New Mexico for an educational project. The authority for creation of this fund is the New Mexico Public Education Department.

Nonmajor Special Revenue Funds (cont'd)

Golden Apple Foundation (Fund No. 26163)	Minimum Balance: None
To provide opportunities for academic enrichment and to encourage positive change in New Mexico classrooms. The authority for creation of this fund is the New Mexico Public Education Department.	
Rio Rancho Education Foundation (Fund No. 26171)	Minimum Balance: None
The objective of this program is to provide monies for various types of educational projects (sensory cameras to study local wildlife, calculators for students to conduct fine arts mathematics, etc.) that will improve an existing community need, problem, or issue. This fund is awarded directly to the school district by the Rio Rancho Education Foundation. Authority for the creation of this fund is the New Mexico Public Education Department.	
A Plus for Education (Fund No. 26179)	Minimum Balance: None
Grant from BP America that recognizes innovative energy education programs in the classroom. Awarded to Rio Rancho Middle School to purchase materials and supplies to implement the program entitled "Students-As-Teachers: An Energy Resource Project". Authority for the creation of this fund is the New Mexico Public Education Department.	
CNM Foundation (Fund No. 26207)	Minimum Balance: None
Making Money Work Grant from Central New Mexico Community College for classroom enhancement for the FIN1010 course. The funds are to be used for classroom supplies, curriculum materials, software, guest speakers, field trips, conferences, and starting a school snack bar or school store. Authority for the creation of this fund is the New Mexico Public Education Department.	
Dual Credit Instructional Materials (Fund No. 27103)	Minimum Balance: None
To be used for courses approved by Higher Education Department (HED) and through a college/university for which the district has an approved agreement.	
Library Go Bonds 2012 (Fund No. 27107)	Minimum Balance: None
Funds to be used for library books and library resources for public school libraries statewide. Library resources include computers, software, projectors, televisions, other related hardware and software, shelving, desks, chairs, and book trucks/carts. Senate Bill 66, Laws of 2012, 2nd Session, Chapter 54, Section 10.B.(3).	
Reads To Lead (Fund No. 27114)	Minimum Balance: None
Provides an aligned approach for districts and schools to ensure that children can read by the end of third grade—giving them essential skills for future career and college success. It also provides regional and district reading coaches, supports for intervention, and professional development for parents, teachers, reading coaches, and administrators.	
Excellence in Teaching (Fund No. 27125)	Minimum Balance: None
The funding under this award must be used solely for Excellence in Teaching salary supplements. These salary supplements are \$5,000.00 or \$10,000.00 per teacher and may only be awarded to teachers who have met the award criteria.	
Recruitment Support (Fund No. 27128)	Minimum Balance: None
To provide support to implement a recruitment, training, and support program to ensure effective, culturally competent, and qualified teachers are placed in New Mexico public schools that have high American Indian student enrollment.	
Pre-K Initiative (Fund No. 27149)	Minimum Balance: None
The pre-k program shall address the total development needs of preschool children, including physical, cognitive, social and emotional needs, and shall include health care, nutrition, safety and multicultural sensitivity.	
Indian Education Act (Fund No. 27150)	Minimum Balance: None
To develop and evaluate the relationship between improved academic performance of American Indian students who experience a culturally relevant education curriculum. Authority for creation of this funds is the New Mexico Public Education Department.	
Breakfast for Elementary Students (Fund No. 27155)	Minimum Balance: None
To access for Legislative Appropriation to implement Breakfast in the Classroom for elementary schools in need of improvement based on AYP designation. Authority for the creation of this fund is the New Mexico Public Education Department.	
2013 School Buses (Fund No. 27178)	Minimum Balance: None
Funds to public school districts to replace public school buses. Authority for the creation of the fund is Senate Bill 60, Severance Tax Bond Projects 2013.	

Nonmajor Special Revenue Funds (cont'd)

- New Mexico Grown** (Fund No. 27183) Minimum Balance: None
Funds under this award are to be used to purchase locally grown New Mexico fresh fruits and vegetables, to be made available at no charge to students. Funds have been received as appropriation through the General Appropriations Act to distribute to school districts and charter schools.
- Assist Tobacco** (Fund No. 28122) Minimum Balance: None
To account for monies received from the State of New Mexico to be used for the implementation of prevention and intervention programs for student use of tobacco, including professional development for teachers. Funding was provided by the New Mexico State Department of Health. Authority for creation of this fund is in the New Mexico Public Education Department's School District Policies and Procedures Manual.
- GRADS Instruction** (Fund No. 28190) Minimum Balance: None
To account for a program funded by the Public Education Department for the purpose to establish and maintain an in-school, family and consumer science instructional and intervention program for pregnant and parenting students, which focuses on knowledge and skills related to positive self, pregnancy, parenting and economic independence. Special Revenue fund established by the local school board.
- GRADS Plus** (Fund No. 28203) Minimum Balance: None
The purpose of this fund is to support a shared case management model between Central High School GRADS program and school and community partners. Authority for the creation of this fund is the New Mexico GRADS System.
- Private Direct Grants** (Fund No. 29102) Minimum Balance: None
To provide additional classroom time at Rio Rancho High Schools for seniors to meet graduation requirements. Funding authority is the New Mexico Public Education Department.
- City/County Grants** (Fund No. 29107) Minimum Balance: None
To provide support for a health education program within the school and to provide workbooks, materials for educational demonstrations and funds to support a nutrition focused event for the school. Funding is provided by Sandoval County and the City of Rio Rancho (NM Public Education Department, PSAB, Supp 3).
- NACA Inspired Schools Network** (Fund No. 29138)
The funds are to support expanding impact and increasing positive academic student outcomes through the school's participation in Social Emotional Learning Communities of Practice. To serve low-income, students with disabilities, English language learners, Indigenous, and immigrant populations in Sandoval County.

Nonmajor Capital Projects Funds

- Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.
- Special Capital Outlay - Local** (Fund No. 31300) Minimum Balance: None
To account for resources received by revenue generated local sources for the purpose of remodeling and improvements on existing structures. Funding authority is the New Mexico Public Education Department.
- Special Capital Outlay - State** (Fund No. 31400) Minimum Balance: None
This fund provides financing for special appropriation monies received from the State of New Mexico under Chapter 367, Laws of 1993.
- State SB-9 Match** (Fund No. 31700) Minimum Balance: None
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 as authorized by the Public School District Capital Improvements Act (22-25-1 to 22-25-10 NMSA 1978).
- Capital Improvements SB – 9** (Fund No. 31701) Minimum Balance: None
This fund provides financing for the purchase of equipment and capital improvements to School District property. Funding is received from a 2 mill property tax levy and interest earned on investments, under New Mexico Senate Bill 9.

STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2019

Special Revenue Funds

	<u>Food Service Fund #21000</u>	<u>Athletics Fund #22000</u>	<u>Non- Instructional Support Fund #23000</u>	<u>Title I Fund #24101</u>	<u>Entitlement IDEA-B Fund #24106</u>
Assets					
Cash and cash equivalents	\$ 499,039	\$ 125,442	\$ 369,624	\$ -	\$ -
Receivables:					
Property taxes	-	-	-	-	-
Grant	-	-	-	1,581,328	1,625,766
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Supplies inventory	-	-	-	-	-
Food inventory	<u>81,907</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>\$ 580,946</u></u>	<u><u>\$ 125,442</u></u>	<u><u>\$ 369,624</u></u>	<u><u>\$ 1,581,328</u></u>	<u><u>\$ 1,625,766</u></u>
 Liabilities, deferred inflows and fund balance					
Liabilities:					
Accounts payable	\$ -	\$ 1,070	\$ 737	\$ -	\$ 231
Accrued salaries	8,920	-	61,343	258,830	438,334
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,322,498</u>	<u>1,187,201</u>
Total liabilities	<u><u>8,920</u></u>	<u><u>1,070</u></u>	<u><u>62,080</u></u>	<u><u>1,581,328</u></u>	<u><u>1,625,766</u></u>
Deferred inflows of resources:					
Delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:					
Non-spendable:					
Inventories	81,907	-	-	-	-
Restricted for:					
Food services	490,119	-	-	-	-
Extracurricular activities	-	124,372	307,544	-	-
Grantor restrictions	-	-	-	-	-
Capital projects	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u><u>572,026</u></u>	<u><u>124,372</u></u>	<u><u>307,544</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Total liabilities, deferred inflows of resources, and fund balance	<u><u>\$ 580,946</u></u>	<u><u>\$ 125,442</u></u>	<u><u>\$ 369,624</u></u>	<u><u>\$ 1,581,328</u></u>	<u><u>\$ 1,625,766</u></u>

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STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2019

Special Revenue Funds

	<u>NM Autism Project Fund #24108</u>	<u>Preschool IDEA-B Fund #24109</u>	<u>Education of Homeless Fund #24113</u>	<u>Private Schools Share IDEA-B Fund #24115</u>	<u>Leadership - Voc Ed Fund #24139</u>
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables:					
Property taxes	-	-	-	-	-
Grant	-	27,752	12,741	17,394	922
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Supplies inventory	-	-	-	-	-
Food inventory	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 27,752</u>	<u>\$ 12,741</u>	<u>\$ 17,394</u>	<u>\$ 922</u>
 Liabilities, deferred inflows and fund balance					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	1,116	-	-	-
Due to other funds	-	26,636	12,741	17,394	922
Total liabilities	<u>-</u>	<u>27,752</u>	<u>12,741</u>	<u>17,394</u>	<u>922</u>
Deferred inflows of resources:					
Delinquent property taxes	-	-	-	-	-
Fund balance:					
Non-spendable:					
Inventories	-	-	-	-	-
Restricted for:					
Food services	-	-	-	-	-
Extracurricular activities	-	-	-	-	-
Grantor restrictions	-	-	-	-	-
Capital projects	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ -</u>	<u>\$ 27,752</u>	<u>\$ 12,741</u>	<u>\$ 17,394</u>	<u>\$ 922</u>

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STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2019

Special Revenue Funds

	<u>Title III English Language Fund #24153</u>	<u>Title II Teacher Quality Fund #24154</u>	<u>Carl D Perkins - JAG Fund #24171</u>	<u>Carl D Perkins - Culinary Fund #24174</u>	<u>Carl D Perkins Secondary - PY Unliq. Oblig Fund #24175</u>
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables:					
Property taxes	-	-	-	-	-
Grant	6,839	223,097	34,689	61,007	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Supplies inventory	-	-	-	-	-
Food inventory	-	-	-	-	-
Total assets	<u>\$ 6,839</u>	<u>\$ 223,097</u>	<u>\$ 34,689</u>	<u>\$ 61,007</u>	<u>\$ -</u>
Liabilities, deferred inflows and fund balance					
Liabilities:					
Accounts payable	\$ 392	\$ 1,638	\$ -	\$ -	\$ -
Accrued salaries	818	15,818	-	13,360	-
Due to other funds	<u>5,629</u>	<u>205,641</u>	<u>34,689</u>	<u>47,647</u>	<u>-</u>
Total liabilities	<u>6,839</u>	<u>223,097</u>	<u>34,689</u>	<u>61,007</u>	<u>-</u>
Deferred inflows of resources:					
Delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:					
Non-spendable:					
Inventories	-	-	-	-	-
Restricted for:					
Food services	-	-	-	-	-
Extracurricular activities	-	-	-	-	-
Grantor restrictions	-	-	-	-	-
Capital projects	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 6,839</u>	<u>\$ 223,097</u>	<u>\$ 34,689</u>	<u>\$ 61,007</u>	<u>\$ -</u>

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STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2019

	Special Revenue Funds				
	Carl D Perkins Secondary Redistribution Fund #24176	Student Support and Academic Achievement Fund #24189	Title I Comprehensive Support & Improvement Fund #24190	Title XIX Medicaid Fund #25153	Indian Education Formula Grant Fund #25184
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 2,235,756	\$ -
Receivables:					
Property taxes	-	-	-	-	-
Grant	3,799	62	34,069	-	36,960
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Supplies inventory	-	-	-	-	-
Food inventory	-	-	-	-	-
Total assets	<u>\$ 3,799</u>	<u>\$ 62</u>	<u>\$ 34,069</u>	<u>\$ 2,235,756</u>	<u>\$ 36,960</u>
 Liabilities, deferred inflows and fund balance					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 3,120	\$ -
Accrued salaries	-	-	8,080	219,991	9,224
Due to other funds	<u>3,799</u>	<u>62</u>	<u>25,989</u>	<u>-</u>	<u>27,736</u>
Total liabilities	<u>3,799</u>	<u>62</u>	<u>34,069</u>	<u>223,111</u>	<u>36,960</u>
Deferred inflows of resources:					
Delinquent property taxes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:					
Non-spendable:					
Inventories	-	-	-	-	-
Restricted for:					
Food services	-	-	-	-	-
Extracurricular activities	-	-	-	-	-
Grantor restrictions	-	-	-	2,012,645	-
Capital projects	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,012,645</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 3,799</u>	<u>\$ 62</u>	<u>\$ 34,069</u>	<u>\$ 2,235,756</u>	<u>\$ 36,960</u>

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STATE OF NEW MEXICO
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NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2019

Special Revenue Funds

	<u>LANL Foundation Fund #26113</u>	<u>Intel Foundation Fund #26116</u>	<u>Golden Apple Foundation Fund #26163</u>	<u>Rio Rancho Education Foundation Fund #26171</u>	<u>A Plus for Education Fund #26179</u>
Assets					
Cash and cash equivalents	\$ 328	\$ 14,114	\$ 1,529	\$ 31,957	\$ -
Receivables:					
Property taxes	-	-	-	-	-
Grant	-	-	-	-	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Supplies inventory	-	-	-	-	-
Food inventory	-	-	-	-	-
Total assets	<u>\$ 328</u>	<u>\$ 14,114</u>	<u>\$ 1,529</u>	<u>\$ 31,957</u>	<u>\$ -</u>
 Liabilities, deferred inflows and fund balance					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:					
Delinquent property taxes	-	-	-	-	-
Fund balance:					
Non-spendable:					
Inventories	-	-	-	-	-
Restricted for:					
Food services	-	-	-	-	-
Extracurricular activities	-	-	-	-	-
Grantor restrictions	328	14,114	1,529	31,957	-
Capital projects	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	<u>328</u>	<u>14,114</u>	<u>1,529</u>	<u>31,957</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 328</u>	<u>\$ 14,114</u>	<u>\$ 1,529</u>	<u>\$ 31,957</u>	<u>\$ -</u>

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STATE OF NEW MEXICO
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NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2019

Special Revenue Funds

	<u>CNM</u>	<u>Dual Credit</u>	<u>Libraries GO</u>	<u>Reads to Lead</u>	<u>Excellence in</u>
	<u>Foundation</u>	<u>Instructional</u>	<u>Bond 2012</u>	<u>Fund #27114</u>	<u>Teaching</u>
	<u>Fund #26207</u>	<u>Materials</u>	<u>Fund #27107</u>	<u>Fund #27114</u>	<u>Fund #27125</u>
Assets					
Cash and cash equivalents	\$ 1	\$ -	\$ -	\$ -	\$ -
Receivables:					
Property taxes	-	-	-	-	-
Grant	-	3,525	16,413	43,672	-
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Supplies inventory	-	-	-	-	-
Food inventory	-	-	-	-	-
Total assets	<u>\$ 1</u>	<u>\$ 3,525</u>	<u>\$ 16,413</u>	<u>\$ 43,672</u>	<u>\$ -</u>
Liabilities, deferred inflows and fund balance					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	-	-	23,262	-
Due to other funds	-	3,525	16,413	20,410	-
Total liabilities	<u>-</u>	<u>3,525</u>	<u>16,413</u>	<u>43,672</u>	<u>-</u>
Deferred inflows of resources:					
Delinquent property taxes	-	-	-	-	-
Fund balance:					
Non-spendable:					
Inventories	-	-	-	-	-
Restricted for:					
Food services	-	-	-	-	-
Extracurricular activities	-	-	-	-	-
Grantor restrictions	1	-	-	-	-
Capital projects	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 1</u>	<u>\$ 3,525</u>	<u>\$ 16,413</u>	<u>\$ 43,672</u>	<u>\$ -</u>

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STATE OF NEW MEXICO
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NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2019

	Special Revenue Funds			
	Recruitment Support <u>Fund #27128</u>	Pre-K Initiative <u>Fund #27149</u>	Indian Education Act <u>Fund #27150</u>	Breakfast for Elementary Students <u>Fund #27155</u>
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Receivables:				
Property taxes	-	-	-	-
Grant	-	578,209	33,309	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Supplies inventory	-	-	-	-
Food inventory	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 578,209</u>	<u>\$ 33,309</u>	<u>\$ -</u>
Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 1	\$ -
Accrued salaries	-	183,055	6,371	-
Due to other funds	-	395,154	26,937	-
Total liabilities	<u>-</u>	<u>578,209</u>	<u>33,309</u>	<u>-</u>
Deferred inflows of resources:				
Delinquent property taxes	-	-	-	-
Fund balance:				
Non-spendable:				
Inventories	-	-	-	-
Restricted for:				
Food services	-	-	-	-
Extracurricular activities	-	-	-	-
Grantor restrictions	-	-	-	-
Capital projects	-	-	-	-
Unassigned	-	-	-	-
Total fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ -</u>	<u>\$ 578,209</u>	<u>\$ 33,309</u>	<u>\$ -</u>

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STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2019

Special Revenue Funds

	<u>2013 School Buses Fund #27178</u>	<u>New Mexico Grown Fund #27183</u>	<u>Assist Tobacco Fund #28122</u>	<u>GRADS Instruction Fund #28190</u>	<u>GRADS Plus Fund #28203</u>
Assets					
Cash and cash equivalents	\$ 2	\$ -	\$ -	\$ -	\$ -
Receivables:					
Property taxes	-	-	-	-	-
Grant	-	1,483	-	3,207	6,565
Due from other governments	-	-	-	-	-
Due from other funds	-	-	-	-	-
Supplies inventory	-	-	-	-	-
Food inventory	-	-	-	-	-
Total assets	<u>\$ 2</u>	<u>\$ 1,483</u>	<u>\$ -</u>	<u>\$ 3,207</u>	<u>\$ 6,565</u>
 Liabilities, deferred inflows and fund balance					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	-	-	-	-
Due to other funds	-	1,483	-	3,207	6,565
Total liabilities	<u>-</u>	<u>1,483</u>	<u>-</u>	<u>3,207</u>	<u>6,565</u>
Deferred inflows of resources:					
Delinquent property taxes	-	-	-	-	-
Fund balance:					
Non-spendable:					
Inventories	-	-	-	-	-
Restricted for:					
Food services	-	-	-	-	-
Extracurricular activities	-	-	-	-	-
Grantor restrictions	2	-	-	-	-
Capital projects	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balance	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 2</u>	<u>\$ 1,483</u>	<u>\$ -</u>	<u>\$ 3,207</u>	<u>\$ 6,565</u>

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STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2019

	Special Revenue Funds			
	Private Direct Grants <u>Fund #29102</u>	City/County Grants <u>Fund #29107</u>	NACA Inspired School Network <u>Fund #29138</u>	Total Non-Major Special Revenue <u>Funds</u>
Assets				
Cash and cash equivalents	\$ 213,581	\$ 1,871	\$ 8,956	\$ 3,502,200
Receivables:				
Property taxes	-	-	-	-
Grant	11,120	8,050	-	4,371,978
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Supplies inventory	-	-	-	-
Food inventory	-	-	-	81,907
Total assets	<u>\$ 224,701</u>	<u>\$ 9,921</u>	<u>\$ 8,956</u>	<u>\$ 7,956,085</u>
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ 18,576	\$ 609	\$ -	\$ 26,374
Accrued salaries	-	9,023	-	1,257,545
Due to other funds	-	-	-	3,392,278
Total liabilities	<u>18,576</u>	<u>9,632</u>	<u>-</u>	<u>4,676,197</u>
Deferred inflows of resources:				
Delinquent property taxes	-	-	-	-
Fund balance:				
Non-spendable:				
Inventories	-	-	-	81,907
Restricted for:				
Food services	-	-	-	490,119
Extracurricular activities	-	-	-	431,916
Grantor restrictions	206,125	289	8,956	2,275,946
Capital projects	-	-	-	-
Unassigned	-	-	-	-
Total fund balance	<u>206,125</u>	<u>289</u>	<u>8,956</u>	<u>3,279,888</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 224,701</u>	<u>\$ 9,921</u>	<u>\$ 8,956</u>	<u>\$ 7,956,085</u>

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STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2019

	Capital Projects Funds			
	Special Capital Outlay - Local Fund #31300	Special Capital Outlay - State Fund #31400	State SB-9 Match Fund #31700	Capital Improvements SB-9 Fund #31701
Assets				
Cash and cash equivalents	\$ 7,315	\$ -	\$ -	\$ 68,344
Receivables:				
Property taxes	-	-	-	278,307
Grant	-	66,596	1,511,908	-
Due from other governments	-	-	-	34,691
Due from other funds	-	-	-	1,574,244
Supplies inventory	-	-	-	129,760
Food inventory	-	-	-	-
Total assets	<u>\$ 7,315</u>	<u>\$ 66,596</u>	<u>\$ 1,511,908</u>	<u>\$ 2,085,346</u>
 Liabilities, deferred inflows and fund balance				
Liabilities:				
Accounts payable	\$ -	\$ 468	\$ 4,220	\$ 165,165
Accrued salaries	-	-	-	-
Due to other funds	-	66,556	1,507,688	-
Total liabilities	<u>-</u>	<u>67,024</u>	<u>1,511,908</u>	<u>165,165</u>
 Deferred inflows of resources:				
Delinquent property taxes	-	-	-	258,058
 Fund balance:				
Non-spendable:				
Inventories	-	-	-	129,760
Restricted for:				
Food services	-	-	-	-
Extracurricular activities	-	-	-	-
Grantor restrictions	-	-	-	-
Capital projects	7,315	-	-	1,532,363
Unassigned	-	(428)	-	-
Total fund balance	<u>7,315</u>	<u>(428)</u>	<u>-</u>	<u>1,662,123</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 7,315</u>	<u>\$ 66,596</u>	<u>\$ 1,511,908</u>	<u>\$ 2,085,346</u>

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STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2019

	Total Non-Major Capital Projects Funds	Total Nonmajor Governmental Funds
Assets		
Cash and cash equivalents	\$ 75,659	\$ 3,577,859
Receivables:		
Property taxes	278,307	278,307
Grant	1,578,504	5,950,482
Due from other governments	34,691	34,691
Due from other funds	1,574,244	1,574,244
Supplies inventory	129,760	129,760
Food inventory	<u>-</u>	<u>81,907</u>
Total assets	<u>\$ 3,671,165</u>	<u>\$ 11,627,250</u>
 Liabilities, deferred inflows and fund balance		
Liabilities:		
Accounts payable	\$ 169,853	\$ 196,227
Accrued salaries	-	1,257,545
Due to other funds	<u>1,574,244</u>	<u>4,966,522</u>
Total liabilities	<u>1,744,097</u>	<u>6,420,294</u>
Deferred inflows of resources:		
Delinquent property taxes	<u>258,058</u>	<u>258,058</u>
Fund balance:		
Non-spendable:		
Inventories	129,760	211,667
Restricted for:		
Food services	-	490,119
Extracurricular activities	-	431,916
Grantor restrictions	-	2,275,946
Capital projects	1,539,678	1,539,678
Unassigned	<u>(428)</u>	<u>(428)</u>
Total fund balance	<u>1,669,010</u>	<u>4,948,898</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 3,671,165</u>	<u>\$ 11,627,250</u>

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STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

NON-MAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2019

	Special Revenue Funds			
	Food Service Fund #21000	Athletics Fund #22000	Non- Instructional Support Fund #23000	Title I Fund #24101
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	3,778,574	-	-	2,497,852
Intergovernmental - state grants	-	-	-	-
Contributions - private grants	-	26,846	-	-
Charges for services	2,841,378	181,344	1,755,571	-
Investment and interest income	-	-	-	-
Miscellaneous	438	170	-	-
Total revenues	6,620,390	208,360	1,755,571	2,497,852
Expenditures:				
Current:				
Instruction	-	158,485	1,636,648	2,346,536
Support services:				
Students	-	-	-	14,830
Instruction	-	-	-	-
General Administration	-	-	-	91,880
School Administration	-	-	-	44,606
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	6,446,704	-	-	-
Capital outlay	-	-	-	-
Total expenditures	6,446,704	158,485	1,636,648	2,497,852
<i>Excess (deficiency) of revenues over expenditures</i>	173,686	49,875	118,923	-
Fund balance (deficit) at beginning of the year	398,340	74,497	188,621	-
Fund balance (deficit) at end of the year	\$ 572,026	\$ 124,372	\$ 307,544	\$ -

(cont'd; 1 of 13)

STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2019**

	Special Revenue Funds			
	Entitlement IDEA-B <u>Fund #24106</u>	NM Autism Project <u>Fund #24108</u>	Preschool IDEA-B <u>Fund #24109</u>	Education of Homeless <u>Fund #24113</u>
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	3,266,885	-	66,371	19,232
Intergovernmental - state grants	-	-	-	-
Contributions - private grants	-	-	-	-
Charges for services	-	-	-	-
Investment and interest income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>3,266,885</u>	<u>-</u>	<u>66,371</u>	<u>19,232</u>
Expenditures:				
Current:				
Instruction	2,884,713	-	64,079	629
Support services:				
Students	82,844	-	-	15,939
Instruction	-	-	-	-
General Administration	299,328	-	2,292	664
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student transportation	-	-	-	2,000
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>3,266,885</u>	<u>-</u>	<u>66,371</u>	<u>19,232</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
Fund balance (deficit) at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(cont'd; 2 of 13)

STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2019**

	Special Revenue Funds			
	Private Schools Share IDEA-B <u>Fund #24115</u>	Leadership - Voc Ed <u>Fund #24139</u>	Title III English Language <u>Fund #24153</u>	Title II Teacher Quality <u>Fund #24154</u>
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	17,394	-	46,012	385,669
Intergovernmental - state grants	-	-	-	-
Contributions - private grants	-	-	-	-
Charges for services	-	-	-	-
Investment and interest income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>17,394</u>	<u>-</u>	<u>46,012</u>	<u>385,669</u>
Expenditures:				
Current:				
Instruction	-	-	45,135	361,974
Support services:				
Students	16,793	-	-	275
Instruction	-	-	-	-
General Administration	601	-	877	19,490
School Administration	-	-	-	3,930
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>17,394</u>	<u>-</u>	<u>46,012</u>	<u>385,669</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
Fund balance (deficit) at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(cont'd; 3 of 13)

STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2019**

	Special Revenue Funds			
	Carl D Perkins - JAG Fund #24171	Carl D Perkins - Culinary Fund #24174	Carl D Perkins Secondary - PY Unliq. Oblig Fund #24175	Carl D Perkins Secondary Redistribution Fund #24176
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	38,701	132,990	-	19,147
Intergovernmental - state grants	-	-	-	-
Contributions - private grants	-	-	-	-
Charges for services	-	-	-	-
Investment and interest income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	38,701	132,990	-	19,147
Expenditures:				
Current:				
Instruction	37,364	128,375	-	18,481
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	1,337	4,615	-	666
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	38,701	132,990	-	19,147
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
Fund balance (deficit) at beginning of the year	-	-	-	-
Fund balance (deficit) at end of the year	\$ -	\$ -	\$ -	\$ -

(cont'd; 4 of 13)

STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2019**

	Special Revenue Funds			
	Student Support and Academic Achievement Fund #24189	Title I Comprehensive Support & Improvement Fund #24190	Title XIX Medicaid Fund #25153	Indian Education Formula Grant Fund #25184
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	404	89,057	2,065,409	209,905
Intergovernmental - state grants	-	-	-	-
Contributions - private grants	-	-	-	-
Charges for services	-	-	-	-
Investment and interest income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	404	89,057	2,065,409	209,905
Expenditures:				
Current:				
Instruction	390	48,310	97,321	100,849
Support services:				
Students	-	37,677	1,955,851	50,724
Instruction	-	-	-	-
General Administration	14	3,070	203,583	58,332
School Administration	-	-	41,603	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student transportation	-	-	88,336	-
Food services operations	-	-	-	-
Capital outlay	-	-	7,220	-
Total expenditures	404	89,057	2,393,914	209,905
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	(328,505)	-
Fund balance (deficit) at beginning of the year	-	-	2,341,150	-
Fund balance (deficit) at end of the year	\$ -	\$ -	\$ 2,012,645	\$ -

(cont'd; 5 of 13)

STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2019**

	Special Revenue Funds			
	LANL Foundation Fund #26113	Intel Foundation Fund #26116	Golden Apple Foundation Fund #26163	Rio Rancho Education Foundation Fund #26171
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	-	-	-	-
Intergovernmental - state grants	-	-	-	-
Contributions - private grants	-	20,000	4,620	31,956
Charges for services	-	-	-	-
Investment and interest income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	20,000	4,620	31,956
Expenditures:				
Current:				
Instruction	1,050	6,907	3,426	14,080
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	199	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	1,249	6,907	3,426	14,080
<i>Excess (deficiency) of revenues over expenditures</i>	(1,249)	13,093	1,194	17,876
Fund balance (deficit) at beginning of the year	1,577	1,021	335	14,081
Fund balance (deficit) at end of the year	\$ 328	\$ 14,114	\$ 1,529	\$ 31,957

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STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2019**

	Special Revenue Funds			
	A Plus for Education Fund #26179	CNM Foundation Fund #26207	Dual Credit Instructional Materials Fund #27103	Libraries GO Bond 2012 Fund #27107
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	-	-	-	-
Intergovernmental - state grants	-	-	20,909	18,183
Contributions - private grants	-	-	-	-
Charges for services	-	-	-	-
Investment and interest income	-	1	-	-
Miscellaneous	-	-	-	-
Total revenues	-	1	20,909	18,183
Expenditures:				
Current:				
Instruction	39	-	20,909	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	18,183
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	39	-	20,909	18,183
<i>Excess (deficiency) of revenues over expenditures</i>	(39)	1	-	-
Fund balance (deficit) at beginning of the year	39	-	-	-
Fund balance (deficit) at end of the year	\$ -	\$ 1	\$ -	\$ -

(cont'd; 7 of 13)

STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2019**

	Special Revenue Funds			
	<u>Reads to Lead Fund #27114</u>	<u>Excellence in Teaching Fund #27125</u>	<u>Recruitment Support Fund #27128</u>	<u>Pre-K Initiative Fund #27149</u>
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	-	-	-	-
Intergovernmental - state grants	179,552	457,513	-	1,440,645
Contributions - private grants	-	-	-	-
Charges for services	-	-	-	-
Investment and interest income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>179,552</u>	<u>457,513</u>	<u>-</u>	<u>1,440,645</u>
Expenditures:				
Current:				
Instruction	179,552	457,513	-	1,381,671
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student transportation	-	-	-	58,974
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>179,552</u>	<u>457,513</u>	<u>-</u>	<u>1,440,645</u>
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
Fund balance (deficit) at beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) at end of the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(cont'd; 8 of 13)

STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2019**

	Special Revenue Funds			
	Indian Education Act Fund #27150	Breakfast for Elementary Students Fund #27155	2013 School Buses Fund #27178	New Mexico Grown Fund #27183
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	-	-	-	-
Intergovernmental - state grants	33,059	102,755	-	4,949
Contributions - private grants	-	-	-	-
Charges for services	-	-	-	-
Investment and interest income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	33,059	102,755	-	4,949
Expenditures:				
Current:				
Instruction	33,059	-	-	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	-
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	-	-
Student transportation	-	-	-	-
Food services operations	-	102,755	-	4,949
Capital outlay	-	-	-	-
Total expenditures	33,059	102,755	-	4,949
<i>Excess (deficiency) of revenues over expenditures</i>	-	-	-	-
Fund balance (deficit) at beginning of the year	-	-	2	-
Fund balance (deficit) at end of the year	\$ -	\$ -	\$ 2	\$ -

(cont'd; 9 of 13)

STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2019**

	Special Revenue Funds			
	Assist Tobacco Fund #28122	GRADS Instruction Fund #28190	GRADS Plus Fund #28203	Private Direct Grants Fund #29102
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Intergovernmental - federal grants	-	-	-	-
Intergovernmental - state grants	-	4,000	13,374	-
Contributions - private grants	-	-	-	193,137
Charges for services	-	-	-	-
Investment and interest income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	4,000	13,374	193,137
Expenditures:				
Current:				
Instruction	1	4,000	15,509	58,904
Support services:				
Students	-	-	-	2,462
Instruction	-	-	-	40,032
General Administration	-	-	-	9,593
School Administration	-	-	-	-
Central Services	-	-	-	44
Operation & Maintenance of Plant	-	-	-	1,317
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	1	4,000	15,509	112,352
<i>Excess (deficiency) of revenues over expenditures</i>	(1)	-	(2,135)	80,785
Fund balance (deficit) at beginning of the year	1	-	2,135	125,340
Fund balance (deficit) at end of the year	\$ -	\$ -	\$ -	\$ 206,125

(cont'd; 10 of 13)

STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2019**

	Special Revenue Funds		
	City/County Grants <u>Fund #29107</u>	NACA Inspired School Network <u>Fund #29138</u>	Total Nonmajor Special Revenue <u>Funds</u>
Revenues:			
Taxes:			
Property	\$ -	\$ -	\$ -
Intergovernmental - federal grants	-	-	12,633,602
Intergovernmental - state grants	-	-	2,274,939
Contributions - private grants	46,050	25,000	347,609
Charges for services	-	-	4,778,293
Investment and interest income	-	-	1
Miscellaneous	<u>-</u>	<u>-</u>	<u>608</u>
Total revenues	<u>46,050</u>	<u>25,000</u>	<u>20,035,052</u>
Expenditures:			
Current:			
Instruction	53,407	16,044	10,175,360
Support services:			
Students	-	-	2,177,395
Instruction	-	-	58,215
General Administration	-	-	696,342
School Administration	-	-	90,338
Central Services	-	-	44
Operation & Maintenance of Plant	-	-	1,317
Student transportation	-	-	149,310
Food services operations	-	-	6,554,408
Capital outlay	<u>-</u>	<u>-</u>	<u>7,220</u>
Total expenditures	<u>53,407</u>	<u>16,044</u>	<u>19,909,949</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(7,357)	8,956	125,103
Fund balance (deficit) at beginning of the year	<u>7,646</u>	<u>-</u>	<u>3,154,785</u>
Fund balance (deficit) at end of the year	<u>\$ 289</u>	<u>\$ 8,956</u>	<u>\$ 3,279,888</u>

(cont'd; 11 of 13)

STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

NON-MAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year Ended June 30, 2019

	Capital Projects Funds			
	Special Capital Outlay - Local Fund #31300	Special Capital Outlay - State Fund #31400	State SB-9 Match Fund #31700	Capital Improvements SB-9 Fund #31701
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ 4,475,266
Intergovernmental - federal grants	-	-	-	-
Intergovernmental - state grants	-	66,596	2,047,132	-
Contributions - private grants	-	-	-	-
Charges for services	-	-	-	-
Investment and interest income	-	-	-	240
Miscellaneous	-	-	-	140
Total revenues	-	66,596	2,047,132	4,475,646
Expenditures:				
Current:				
Instruction	-	-	-	-
Support services:				
Students	-	-	-	-
Instruction	-	-	-	-
General Administration	-	-	-	44,720
School Administration	-	-	-	-
Central Services	-	-	-	-
Operation & Maintenance of Plant	-	-	1,203,949	4,559,212
Student transportation	-	-	-	-
Food services operations	-	-	-	-
Capital outlay	-	66,649	843,183	623,850
Total expenditures	-	66,649	2,047,132	5,227,782
<i>Excess (deficiency) of revenues over expenditures</i>	-	(53)	-	(752,136)
Fund balance (deficit) at beginning of the year	7,315	(375)	-	2,414,259
Fund balance (deficit) at end of the year	\$ 7,315	\$ (428)	\$ -	\$ 1,662,123

(cont'd; 12 of 13)

STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

NON-MAJOR GOVERNMENTAL FUNDS
**Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balance
 Year Ended June 30, 2019**

	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:		
Taxes:		
Property	\$ 4,475,266	\$ 4,475,266
Intergovernmental - federal grants	-	12,633,602
Intergovernmental - state grants	2,113,728	4,388,667
Contributions - private grants	-	347,609
Charges for services	-	4,778,293
Investment and interest income	240	241
Miscellaneous	<u>140</u>	<u>748</u>
Total revenues	<u>6,589,374</u>	<u>26,624,426</u>
Expenditures:		
Current:		
Instruction	-	10,175,360
Support services:		
Students	-	2,177,395
Instruction	-	58,215
General Administration	44,720	741,062
School Administration	-	90,338
Central Services	-	44
Operation & Maintenance of Plant	5,763,161	5,764,478
Student transportation	-	149,310
Food services operations	-	6,554,408
Capital outlay	<u>1,533,682</u>	<u>1,540,902</u>
Total expenditures	<u>7,341,563</u>	<u>27,251,512</u>
<i>Excess (deficiency) of revenues over expenditures</i>	(752,189)	(627,086)
Fund balance (deficit) at beginning of the year	<u>2,421,199</u>	<u>5,575,984</u>
Fund balance (deficit) at end of the year	<u>\$ 1,669,010</u>	<u>\$ 4,948,898</u>

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STATE REQUIRED DISCLOSURES
(OTHER SUPPLEMENTAL INFORMATION)

Supplemental schedules required by the State of
New Mexico to provide additional analysis.

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STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

FIDUCIARY FUNDS
Schedule of Changes in Assets and Liabilities - All Agency Funds
Year Ended June 30, 2019

<u>ASSETS</u>	Balance <u>June 30, 2018</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance <u>June 30, 2019</u>
Cash and cash equivalents:				
Cleveland High School	\$ 569,713	\$ 909,590	\$ 893,630	\$ 585,673
Cyber Academy	5,575	6,662	8,205	4,032
Independence High School	24,656	11,624	11,203	25,077
Rio Rancho High School	194,734	1,182,476	939,850	437,360
Rio Rancho Middle School	71,836	132,236	117,138	86,934
Mountain View Middle School	28,194	93,520	85,268	36,446
Lincoln Middle School	54,304	93,581	82,915	64,970
Eagle Ridge Middle School	29,935	80,149	81,612	28,472
Vista Grande Elementary	9,878	44,176	47,643	6,411
Sandia Vista Elementary	38,033	91,900	94,895	35,038
Rio Rancho Elementary	19,600	44,942	38,948	25,594
Puesta Del Sol Elementary	33,884	22,100	31,220	24,764
Martin Luther King, Jr. Elementary	27,187	73,959	85,884	15,262
Maggie Cordova Elementary	10,516	60,678	58,229	12,965
Ernest Stapleton Elementary	58,473	99,725	89,519	68,679
Enchanted Hills Elementary	26,537	47,959	52,329	22,167
Colinas Del Norte Elementary	16,833	39,150	41,371	14,612
Cielo Azul Elementary	58,526	71,675	94,206	35,995
Shining Stars Preschool	17,708	59,069	53,781	22,996
Rio Rancho CTECC	119,663	82,753	82,438	119,978
Fine Arts	24,580	26,732	26,369	24,943
NAPAC	5,280	2,861	4,542	3,599
Sheakley	(2,208)	-	4,530	(6,738)
	<u>\$ 1,443,437</u>	<u>\$ 3,277,517</u>	<u>\$ 3,025,725</u>	<u>\$ 1,695,229</u>
 <u>LIABILITIES</u>				
Deposits held for others	<u>\$ 1,443,437</u>	<u>\$ 3,277,517</u>	<u>\$ 3,025,725</u>	<u>\$ 1,695,229</u>

STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

SCHEDULE OF PLEDGED COLLATERAL
June 30, 2019

	<u>US Bank</u>	<u>New Mexico Bank & Trust</u>	<u>Bank of Albuquerque</u>	<u>Subtotal</u>
Cash on deposit at June 30, 2019:				
Checking and savings	\$ 72,712,444	\$ 18,304,698	\$ 8,527,154	\$ 99,544,296
Less: FDIC coverage	<u>(26,720,902)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>(27,220,902)</u>
Uninsured funds	<u>45,991,542</u>	<u>18,054,698</u>	<u>8,277,154</u>	<u>72,323,394</u>
Amount requiring pledged collateral:				
50% collateral requirement	36,231,222	9,027,349	4,138,577	49,397,148
Pledged collateral	<u>42,000,000</u>	<u>9,212,055</u>	<u>8,865,794</u>	<u>60,077,849</u>
Excess (deficiency) of pledged collateral	<u>\$ 5,768,778</u>	<u>\$ 184,706</u>	<u>\$ 4,727,217</u>	<u>\$ 10,680,701</u>

	<u>Nusenda Credit Union</u>	<u>Wells Fargo Bank</u>	<u>Washington Federal</u>	<u>Subtotal</u>
Cash on deposit at June 30, 2019:				
Checking and savings	\$ 72,595	\$ 36,720	\$ 15,262	\$ 124,577
Less: FDIC coverage	<u>(72,595)</u>	<u>(36,720)</u>	<u>(15,262)</u>	<u>(124,577)</u>
Uninsured funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amount requiring pledged collateral:				
50% collateral requirement	-	-	-	-
Pledged collateral	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of pledged collateral	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

	<u>Total</u>
Cash on deposit at June 30, 2019:	
Checking and savings	\$ 99,668,873
Less: FDIC coverage	<u>(27,345,479)</u>
Uninsured funds	<u>\$ 72,323,394</u>
Amount requiring pledged collateral:	
50% collateral requirement	49,397,148
Pledged collateral	<u>60,077,849</u>
Excess (deficiency) of pledged collateral	<u>\$ 10,680,701</u>

(cont'd; 1 of 2)

STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

SCHEDULE OF PLEDGED COLLATERAL
June 30, 2019

US Bank:

	<u>Issue Date</u>	<u>Expiration</u>	<u>Credit Limit</u>
FHLB Letter of Credit	4/1/2019	11/1/2019	\$ <u>42,000,000</u>

The above letter of credit is held at US Bank in Cincinnati, OH, will honored by the Federal Home Loan Bank of Cincinnati, and expires on November 1, 2019 at 2:00 pm.

New Mexico Bank & Trust:

	<u>Maturity</u>	<u>CUSIP #</u>	<u>Market Value</u>
Kendall Kane & Will Countys Ill. Sch Dist	2/1/2034	488764XE6	\$ 1,146,500
Peoria, Ill. Pub Bldg Sch Dist	12/1/2025	71323MDM1	1,436,089
Sarasota County Fla Util Sys Rev	10/1/2040	803321PK8	2,275,162
Sealy Tex	9/1/2028	812145GT1	227,915
SBA Pool 510221 (Agencies/GSE)	7/25/2043	83164MLA5	2,008,171
United States Treasury Notes	7/31/2019	912828TH3	124,858
United States Treasury Notes	7/31/2020	912828XM7	1,993,360
			<u>\$ 9,212,055</u>

The above securities are held at Suntrust Bank, Atlanta, GA.

Bank of Albuquerque:

	<u>Maturity</u>	<u>CUSIP #</u>	<u>Market Value</u>
Uniform MBS Pool #AB9823 (FN AB9823)	7/1/2028	31417G4H6	\$ 3,243,816
Fed Natl Mtg Assn SER 2017-M10 CL 0-AV2 (FNMA)	7/25/2024	3136AXVB8	1,931,025
Fed Home Ln Mtg CRPSER K023 CL A2 (FHLB)	8/25/2022	3137AWQH1	2,711,956
Fed Home Ln Mtg CRPSER KF17 CL A (FHLB)	3/25/2023	3137BPW54	498,899
Fed Natl Mtg Assn SER 2010-126 CL 6-PC2 (FNMA)	11/25/2025	31398SAF0	480,098
			<u>\$ 8,865,794</u>

The above securities are held at Federal Home Loan Bank, Topeka, KS.

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STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
 Year Ended June 30, 2019

	<u>Account Type</u>	<u>Account Classification</u>	<u>Bank Amount</u>
US BANK:			
Operational	Checking - Interest	Cash and Cash Equivalents	\$ 13,816,486
Operational MM	Money Market	Cash and Cash Equivalents	566,926
SAFE Merchant	Checking - Non-Interest	Cash and Cash Equivalents	865
Operational	Certificate of Deposit	Investment	5,013,000
Operational	Certificate of Deposit Account Registry	Investment	2,000,000
Capital Projects / Debt Service	Certificate of Deposit Account Registry	Investment	12,366,514
Accounts Payable Clearing	Checking - Non-Interest	Cash and Cash Equivalents	236,795
Payroll Clearing	Checking - Non-Interest	Cash and Cash Equivalents	3,356,349
Food Service	Checking - Non-Interest	Cash and Cash Equivalents	494,046
Federal Account	Checking - Non-Interest	Cash and Cash Equivalents	173,010
Capital Projects / Debt Service	Checking - Non-Interest	Cash and Cash Equivalents	14,807,376
Capital Projects / Debt Service	Money Market	Cash and Cash Equivalents	6,613,104
Colinas Del Norte Elementary	Checking - Non-Interest	Agency Funds	14,887
Eagle Ridge Middle School	Checking - Non-Interest	Agency Funds	28,879
Ernest Stapleton Elementary	Checking - Non-Interest	Agency Funds	69,080
Fine Arts Academy	Checking - Non-Interest	Agency Funds	25,052
Independence High School	Checking - Non-Interest	Agency Funds	24,669
Lincoln Middle School	Checking - Non-Interest	Agency Funds	64,970
Maggie Cordova Elementary	Checking - Non-Interest	Agency Funds	13,050
Native American PAC	Checking - Non-Interest	Agency Funds	3,674
Puesta Del Sol Elementary	Checking - Non-Interest	Agency Funds	24,787
Secondary Learning Center (CTECC)	Checking - Non-Interest	Agency Funds	122,928
Cyber Academy	Checking - Non-Interest	Agency Funds	4,032
Rio Rancho Elementary	Checking - Non-Interest	Agency Funds	25,627
Rio Rancho Middle School	Checking - Non-Interest	Agency Funds	87,670
Shining Stars Preschool Account	Checking - Non-Interest	Agency Funds	23,189
V. Sue Cleveland High School	Checking - Interest	Agency Funds	611,283
Vista Grande Elementary	Checking - Non-Interest	Agency Funds	6,545
Sheakley	Checking - Non-Interest	Agency Funds	13,263
Subtotal US Bank			<u>\$ 72,712,444</u>

(cont'd; 1 of 2)

STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS
Year Ended June 30, 2019

	<u>Account Type</u>	<u>Account Classification</u>	<u>Bank Amount</u>
NEW MEXICO BANK & TRUST:			
Operational	Certificate of Deposit Account Registry	Investment	\$ 4,074,774
Operational	Certificate of Deposit	Investment	4,037,558
Capital Projects / Debt Service	Certificate of Deposit Account Registry	Investment	7,192,366
Capital Projects / Debt Service	Certificate of Deposit	Investment	<u>3,000,000</u>
Subtotal New Mexico Bank & Trust			\$ <u>18,304,698</u>
 BANK OF ALBUQUERQUE:			
Capital Projects / Debt Service	Checking - Interest	Cash and Cash Equivalents	\$ 8,058,079
Enchanted Hills Elementary	Checking - Non-Interest	Agency Funds	22,217
Rio Rancho High School	Checking - Interest	Agency Funds	329,905
Rio Rancho High School	Certificate of Deposit	Agency Funds	<u>116,953</u>
Subtotal Bank of Albuquerque			\$ <u>8,527,154</u>
 NUSENDA CREDIT UNION:			
Cielo Azul Elementary	Checking - Non-Interest	Agency Funds	\$ 36,314
Sandia Vista Elementary	Checking - Non-Interest	Agency Funds	<u>36,281</u>
Subtotal Nusenda Credit Union			\$ <u>72,595</u>
 WELLS FARGO BANK:			
Mountain View Middle School	Checking - Non-Interest	Agency Funds	<u>\$ 36,720</u>
 WASINGTON FEDERAL:			
Martin Luther King Jr Elementary	Checking - Non-Interest	Agency Funds	<u>\$ 15,262</u>
 STATE TREASURER'S OFFICE:			
LGIP	LGIP Pool	Investment	<u>\$ 12,858</u>
 RAYMOND JAMES & ASSOCIATES:			
Capital Projects	Investment Portfolio	Investment	<u>\$ 922,970</u>
TOTAL DEPOSITS			\$ <u><u>100,604,701</u></u>

Adjustments to cash:	
Bank Balance	\$ 100,604,701
Outstanding deposits	140,334
Outstanding checks	(15,979,727)
Written checks held at yearend	<u>15,550,055</u>
Total adjusted cash	\$ <u><u>100,315,363</u></u>

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STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

CASH RECONCILIATION
Year Ended June 30, 2019

	Beginning Cash	Receipts	Distributions	Other	Net Cash End of Period	Adjustments to the report	Total Cash on Report
Operations	\$ 13,835,936	\$ 132,553,039	\$ 127,204,920	\$ -	\$ 19,184,055	\$ 10,518,149	\$ 29,702,204
Transportation	-	3,003,695	3,003,695	-	-	350,934	350,934
Instructional Materials	192,364	584,625	808,138	-	(31,149)	31,149	-
Athletics	74,497	208,359	157,414	-	125,442	-	125,442
Activity Funds	184,657	1,760,863	1,637,239	-	308,281	61,343	369,624
Federal Flowthrough Funds	(2,395,229)	5,388,459	6,620,433	-	(3,627,203)	3,627,203	-
Federal Direct Funds	2,204,841	2,378,946	2,604,981	-	1,978,806	256,950	2,235,756
Local Grants	17,015	56,576	25,662	-	47,929	-	47,929
State Flowthrough Funds	(538,193)	2,119,148	2,257,564	-	(676,609)	676,611	2
State Direct Funds	(1,072)	10,809	19,509	-	(9,772)	9,772	-
Local/State	144,471	245,017	174,103	-	215,385	9,023	224,408
Bond Building	44,060,494	725,976	15,704,722	15,111,250	44,192,998	(27,335)	44,165,663
Special Capital Outlay - Local	7,315	-	-	-	7,315	-	7,315
Special Capital Outlay - State	40	-	66,596	-	(66,556)	66,556	-
State SB-9 Match	(737,468)	1,272,692	2,042,912	-	(1,507,688)	1,507,688	-
Capital Improvements SB-9	2,365,297	4,472,329	5,195,038	-	1,642,588	(1,574,244)	68,344
Debt Service	18,967,735	19,780,702	18,350,000	425,037	20,823,474	-	20,823,474
Agency Funds	-	-	-	-	-	1,695,229	1,695,229
Total	\$ 78,991,449	\$ 180,869,724	\$ 192,300,045	\$ 15,536,287	\$ 83,097,415	\$ 17,217,948	\$ 100,315,363

Adjustments to report:	
Agency funds	\$ 1,695,229
Interfund loans receivable - pooled cash	4,997,669
Interfund loans payable - pooled cash	(4,997,669)
Adjustment to fair value	(27,335)
Written checks held at yearend	15,550,054
Total adjustment to the report	\$ 17,217,948

STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

SCHEDULE OF SPECIAL, DEFICIENCY, SPECIFIC AND CAPITAL OUTLAY APPROPRIATIONS
June 30, 2019

	PROJECTS	
	Plan, Design, and Construct IHS Entry	Plan, Design, and Construct CHS Entry
Agency	DFA	DFA
Grant No.	16A2215	16A2216
Effective Date	8/8/2016	8/8/2016
Reversion Date	6/30/2020	6/30/2020
Original Amount	\$70,000	\$100,000
Arts in Public Places	\$0	\$0
Net Amount	\$70,000	\$100,000
Expenditures to Date	\$0	\$0
Remaining Amount	\$70,000	\$100,000

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COMPLIANCE SECTION

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

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Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance
Required By Uniform Guidance

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Schedule of Findings and Questioned Costs:
Summary of Auditor's Results
Financial Statement Findings
Federal Award Findings

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Summary Schedule of Prior Year Audit Findings

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Schedule of Expenditures of Federal Awards
Notes to the Schedule of Expenditures of Federal Awards

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Required Disclosure

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

INDEPENDENT AUDITORS' REPORT

Brian S. Colón, Esq., State Auditor and
The Board of Education and Audit Committee of
Rio Rancho Public School District No. 94

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 comparison of the general fund of the Rio Rancho Public School District No. 94 as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Rio Rancho Public School District No. 94's basic financial statements, and the combining and individual funds of Rio Rancho Public School District No. 94, presented as supplemental information, and have issued our report thereon dated October 7, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, of the financial statements, we considered Rio Rancho Public School District No. 94'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 Rio Rancho Public School District No. 94's internal control. Accordingly, we do not express an opinion on the effectiveness of Rio Rancho Public School District No. 94'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 Rio Rancho Public School District No. 94's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a *material weakness*, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. Finding 2019-001. However, material weaknesses may exist that have not been identified.

Compliance and other matters

As part of obtaining reasonable assurance about whether Rio Rancho Public School District No. 94'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. We also noted certain other matters that are required to be reported pursuant to *Government Auditing Standards* and pursuant to Section 12-6-5, NMSA 1978, which are described in the accompanying schedule of findings and questioned costs as findings 2019-002 and 2019-003.

Brian S. Colón, Esq., State Auditor and
The Board of Education and Audit Committee of
Rio Rancho Public School District No. 94

Rio Rancho Public School District No. 94's Response to Findings

Rio Rancho Public School District No. 94's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Rio Rancho Public School District No. 94's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Rio Rancho Public School District No. 94's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Accounting & Financial Solutions, LLC
Farmington, New Mexico
October 7, 2019



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

INDEPENDENT AUDITOR'S REPORT

Brian S. Colón, Esq., State Auditor and
The Board of Education and Audit Committee of
Rio Rancho Public School District No. 94

Report on Compliance for Each Major Federal Program

We have audited Rio Rancho Public School District No. 94's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Rio Rancho Public School District No. 94's major federal programs for the year ended June 30, 2019. Rio Rancho Public School District No. 94's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Rio Rancho Public School District No. 94's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Rio Rancho Public School District No. 94's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Rio Rancho Public School District No. 94's compliance.

Opinion on Each Major Federal Program

In our opinion, Rio Rancho Public School District No. 94 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Brian S. Colón, Esq., State Auditor and
The Board of Education and Audit Committee of
Rio Rancho Public School District No. 94

Report on Internal Control Over Compliance

Management of Rio Rancho Public School District No. 94 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Rio Rancho Public School District No. 94's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Rio Rancho Public School District No. 94's internal control over compliance.

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

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

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

Accounting & Financial Solutions, LLC
Farmington, New Mexico
October 7, 2019

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
OF
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

AS OF AND FOR THE YEAR ENDED
JUNE 30, 2019

STATE OF NEW MEXICO
RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019

<u>Federal Grantor/Pass - Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed To Subrecipients</u>	<u>Cluster Programs</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture:					
Direct Program:					
Forest Reserve	10.665	11000	\$ -		\$ <u>111,492</u>
Pass-Through Program From:					
New Mexico Department of Education:					
<u>Child Nutrition Cluster:</u>					
USDA National School Lunch Program	10.555	21000	-	\$ 2,596,801	
USDA School Breakfast Program	10.553	21000	-	<u>801,185</u>	
Total Child Nutrition Cluster					3,397,986
Pass-Through Program From:					
New Mexico Human Service Department:					
USDA Commodities Program	10.565	21000	-		380,588
<i>Subtotal Pass-Through Programs</i>					<u>3,778,574</u>
<i>Total U.S. Department of Agriculture</i>					<u>3,890,066</u>
U.S. Department of Education:					
Direct Programs:					
Indian Education Formula Grant	84.060	25184	-		<u>209,905</u>
Pass-Through Programs From:					
New Mexico Department of Education:					
<u>Special Education (IDEA) Cluster:</u>					
Entitlement IDEA-B	84.027	24106	-	\$ 3,266,885	
Preschool IDEA-B	84.027A	24109	-	66,371	
Education of Homeless	84.173A	24113	-	19,232	
Private Schools Share IDEA-B	84.027	24115	-	<u>17,394</u>	
Total Special Education (IDEA) Cluster					3,369,882
Title I	84.010	24101	-		2,497,852
Title III English Language	84.365	24153	-		46,012
Title II Teacher Quality	84.367	24154	-		385,669
Carl D Perkins - JAG	84.048	24171	-		38,701
Carl D Perkins - Culinary	84.048	24174	-		132,990
Carl D Perkins Secondary Redistribution	84.048	24176	-		19,147
Student Support and Academic Achievement	84.424	24189	-		404
Title I Comprehensive Support & Improvement	84.010A	24190	-		<u>89,057</u>
<i>Subtotal Pass-Through Programs</i>					<u>6,579,714</u>
<i>Total U.S. Department of Education</i>					<u>6,789,619</u>
Total Expenditures of Federal Awards			<u>\$ -</u>		<u>\$ 10,679,685</u>

See the accompanying notes to the Schedule of Expenditures of Federal Awards.

I. SCOPE OF AUDIT PURSUANT TO OMB UNIFORM GRANT GUIDANCE

All federal grant operations of Rio Rancho Public School District No. 94 (the “District”) are included in the scope of the Office of Management and Budget (“OMB”) Uniform Grant Guidance audit (the “Single Audit”). The Single Audit was performed in accordance with the provisions of the OMB Circular Compliance Supplement (Revised July 2019 the “Compliance Supplement”). Compliance testing of all requirements are described in the Compliance Supplement, was performed for the grant programs noted below. These programs represent all federal award programs and other grants with fiscal year 2019 cash and non-cash expenditures to ensure coverage of at least 20% (LOW risk auditee) of federally granted funds. Actual coverage is approximately 35% of total cash and non-cash federal award program expenditures. Total cash expenditures were in the amount of \$10,299,097 and all non-cash expenditures amounted to \$380,588.

MAJOR FEDERAL PROGRAM	CFDA NO.	EXPENDITURE
Cash Assistance:		
Special Education (IDEA) Cluster	84.027, 84.027A, 84.173 & 84.173A	\$ 3,369,882
Title II Teacher Quality	84.367	<u>385,669</u>
Total		<u><u>\$ 3,755,551</u></u>

The District did not have any federal programs considered to be a High-Risk Type A program for the year ended June 30, 2019.

The U.S. Department of Education is the District’s oversight agency for single audit.

Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Uniform Grant Guidance. Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position and changes in net position of the District. All federal programs considered active during the year ended June 30, 2019, are reflected on the Schedule. An active federal program is defined as a federal program for which there were receipts or disbursements of funds or accrued (deferred) grant revenue adjustments during the fiscal year or a federal program considered as not completed or closed out at the beginning of the fiscal year. The Schedule is prepared using the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the District has met the qualifications for the respective grant. Grant revenues for the Food Donation Program are based upon commodities received, at amounts per standard price listing, published quarterly by the United States Department of Agriculture (the “USDA”). In addition, there is no federal insurance in effect during the year and loan or loan guarantee outstanding at year end.

Accrued and deferred reimbursements

Various reimbursement procedures are used for Federal awards received by the District. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and end of the year. Accrued balances at year end represent an excess of reimbursable expenditures over receipts to date. Deferred balance at year-end represent an excess of cash receipts over reimbursable expenditure to date. Generally, accrued or deferred balances covered by differences in the timing of cash receipts and expenditures will be reversed in the remaining grant period.

II. INDIRECT COSTS

There District has not elected to use the 10% de minimis indirect cost.

III. RECONCILIATION OF FEDERAL AWARDS TO EXPENDITURE OF FEDERAL AWARDS

The differences between the federal awards received (Intergovernmental sources – federal) during the year ended June 30, 2019 and the federal awards expended during the year are as follows:

	BALANCE
Federal Sources	\$ 13,108,323
Indirect costs from federal programs	(363,230)
Revenues received as vendor	<u>(2,065,408)</u>
Total Expenditures of Federal Awards	<u><u>\$ 10,679,685</u></u>

I. SUMMARY OF AUDIT RESULTS

	<u>Yes</u>	<u>No</u>	<u>Occurrences</u>
FINANCIAL STATEMENTS:			
Type of auditor's report issued: <u>Unmodified</u>			
Internal control over financial reporting:			
Material weakness(es) identified?	—	✓	—
Significant deficiency(ies) identified?	✓	—	1
Noncompliance material to financial statements noted?	—	✓	—
FEDERAL AWARDS:			
Internal control over major programs:			
Material weakness(es) identified?	—	✓	—
Significant deficiency(ies) identified?	—	✓	—
Type of auditor's report issued on compliance with major programs: <u>Unmodified</u>			
Any audit findings disclosed that are required to be reported in accordance with Section 200.516 of the Uniform Guidance?	—	✓	—
The programs treated as major programs include:			
<u>Name of Federal Program or Cluster</u>			<u>CFDA Number</u>
Special Education (IDEA) Cluster			84.027, 84.027A, 84.173 & 84.173A
Title II Teacher Quality			84.367
The threshold for distinguishing types A and B programs: <u>\$750,000</u>			
Auditee qualified as low-risk auditee?	✓	—	
NEW MEXICO STATE REQUIREMENTS:			
Internal control over state requirements:			
Other non-compliance?	✓	—	2
Finding that does not rise to the level of significant deficiency?	—	✓	—

II. AUDIT FINDINGS - FINANCIAL STATEMENTS

2019 – 001 INTERNAL CONTROLS OVER STUDENT ACTIVITY FUNDS

Significant Deficiency

Condition: There is not sufficient controls over the receipting of cash collections to ensure compliance with state regulations. There were sixty receipts selected to be reviewed for state requirements; two were not available for review. Twenty-five deposits, totaling \$71,329, of the fifty-eight deposits reviewed, were not deposited within one banking day. Three receipts were not dated by the person receiving the payment.

There are transactions being accounted for within the student activity accounts (funds) that should be accounted for in the Operational Fund or a special revenue fund. The transactions consist of fees and fines for classes, labs, library/text books being lost or damaged and the monies are being used for the District's benefit. The assets within the student activity funds should be used directly for the students and within the original intent of the fundraising. The assets should not be used for purchases in which the District receives a benefit. There are also monies from student activity funds being used to purchase assets that would be considered to be owned by the District (amount was undetermined).

Additionally, the District is lacking segregation of duties as it concerns student activity funds. At each school there is one person that deposits cash receipts, records those receipts, writes checks, and reconciles the bank statements for that school's applicable student activity accounts.

Criteria: New Mexico Administrative Code (NMAC) states the following:

NMAC 6.20.2.14 (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.

NMAC 6.20.2.14 (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.

NMAC 6.20.2.14 (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.

NMAC 6.20.2.14 (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.

The Public Education Department's Manual of Procedures PSAB Supplement 18 Student Activities & Athletics states "The appropriate fund classification for student activity funds is determined by their legal status. If resources accounted for in student activity funds are legally owned by students or student groups, these funds should be classified as Agency Funds (Fund 23000). If the school district legally owns the resources accounted for in student activity funds, they should be accounted for in the General or Special Revenue Fund type. Reference PSAB Supplement 3, Uniform Chart of Accounts." It also states "Student activity accounts represent the monies raised or collected by and/or for school sponsored student activities. The activity accounts are typically used to account for monies raised by the students for the students."

Section 6.20.2.11.B NMAC requires that schools shall develop, establish, and maintain a structure of internal control accounting controls and written procedures to provide for segregation of duties, a system of authorization and recording procedures, and sound accounting practices in performance of duties and functions. COSO encourages the separation of the responsibilities of authorization, recording, reconciliation, and custody.

Cause: Deposits are being kept within school offices for lengths longer than the 24 hours deposit requirement. Other deposits are not being filled out completely in order to verify compliance with state requirements.

Fees are being collected by the District and recorded in funds that are reserved for student activities. These funds are being used for the District's benefit.

Procedures have not been implemented to provide for segregation of duties for the student activity accounts.

II. AUDIT FINDINGS - FINANCIAL STATEMENTS (cont'd)

2019 – 001 INTERNAL CONTROLS OVER STUDENT ACTIVITY FUNDS (cont'd) *Significant Deficiency*

Effect of condition: The District is not in compliance with 1978 NMAC 6.20.2.14 and undeposited cash retained for extended periods of time is susceptible to misuse. Student activity funds are not adequately safeguarded from misuse/misappropriation. Student activity accounts are not being restricted to their intended purpose as defined by New Mexico Public Education Department.

The District is not in compliance with established intent of the student activity funds as set forth by the New Mexico Public Education Department.

The lack of segregation of duties in the student activity funds does not adequately safeguard the assets and creates an opportunity for fraud or abuse.

Recommendation: Policies should be updated to stress the importance of depositing cash within the required 24 hours as well as establishing procedures for controlling cash receipts from the point of collection to the bank deposit. Staff should be trained on the state law concerning cash receipts/deposits and the importance of following that law. The District should consider using receipts books that have the district name and address on them in an effort to assist with the “controlled and secured” requirement by reducing the chance of unauthorized receipt books. All receipts books should be ordered and maintained by central office when not being used by the schools. Control logs should be used by the central office for assigning books out to the schools and the schools should use control logs for assigning books to individuals.

Assets that would be considered to be owned by the District and any related transactions should be accounted for in the Operational Fund or in a special revenue fund approved by New Mexico Public Education Department so that Board of Education can have oversight of the assets. Student activity funds should be limited to only those activities associated with monies raised by students and to be used directly for the students through their own decisions with assistance of a sponsor. The assets within the student activity funds should be used for purposes within the original intent of the fundraising.

Procedures should be updated as soon as possible to include the segregation of duties over the student activity accounts. Those procedures should, at a minimum, separate authorization, recording, and custody. The bank reconciliations should be performed by a person that does not perform transactions such as check writing and cash depositing. Account signor, authorization, should not perform the check writing or depositing of cash.

Management’s response: The Finance Department has developed an activity fund manual for school administration, secretaries, and bookkeepers which will be reviewed and updated annually if needed. Training to all secretaries and bookkeepers is conducted annually and ongoing training will continue on a monthly basis. Finance has ordered pre-numbered receipt books for all locations and will control and secure all receipt books. Additionally, Finance has made sure all secretaries and bookkeepers are no longer account signers. The Finance Department has also taken over monthly activity account bank reconciliations for all locations. The Finance Manager overseeing activity funds and the Director of Finance will ensure that proper internal controls improve through reviews at the school locations throughout the year. Upper management will assist in stressing the importance of internal controls to the schools.

Responsible party(ies) for corrective action(s): Finance Manager overseeing activity funds and the Director of Finance.

Corrective action(s) timeline: The expected completion date for the aforementioned corrective action plan is June 30, 2020.

III. AUDIT FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were not any findings to be reported.

IV. AUDIT FINDINGS – SECTION 12-6-5 NMSA 1978

2019 – 002 INTERNAL CONTROLS OVER BUDGETARY EXPENDITURES (Original No. NM 2018-001)

Other Non-Compliance

(Repeat of prior year finding; updated and revised)

Condition: There were unfavorable variances between actual and budgeted expenditures at the function level. The District had two over expenditures at the function level for the year ended June 30, 2019. The following is a list of the unfavorable function level variances:

<u>Fund</u>	<u>Function</u>	<u>Final Budget</u>	<u>Expenditure</u>	<u>Over Spent</u>
Operational	Community Services	\$ -	\$ 521	\$ (521)
Debt Service	Support Services	192,500	197,769	(5,269)

Status from prior year: The current year had two occurrences compared the prior year that had one occurrence.

Criteria: According to NMSA 1978 Section 22-8-11 B, an expenditure shall not be made or any obligation incurred for the expenditure of public funds unless that expenditure or obligation is made in accordance with an operating budget approved by the department.

Cause: Budget authorizations (adjustments) were not in place at the function level prior to the expenditures being incurred resulted in unfavorable (negative) variances, overspending of line item budgets, to occur.

Effect of condition: Violation of NMSA 1978 Section 22-8-11 B, over spending of public monies. The condition could lead to expenditures being paid in excess of total budgeted amounts.

Recommendation: Management should implement immediate steps to provide adequate financial reports to allow for proper and timely monitoring of function level expenditures. Budget adjustment requests should be approved by the Board of Education and State Public Education Department (when required) to receive approval to make necessary changes to the records prior to being presented for audit.

Management's response: Management will continue to monitor expenditures by function regularly. The over budget in the Debt Service fund was due to collection fee charges by Sandoval County in June. Finance will collect additional information from Sandoval County for delinquent taxes and estimate additional fees for 2019. The Finance Manager overseeing Budget and the Director of Finance will be responsible for monitoring these expenditures.

Responsible party(ies) for corrective action(s): Finance Manager overseeing Budget and the Director of Finance.

Corrective action(s) timeline: The expected completion date for the aforementioned corrective action plan is November 1, 2019.

IV. AUDIT FINDINGS – SECTION 12-6-5 NMSA 1978 (cont'd)

2019 – 003 BACKGROUND CHECKS
Other Non-Compliance

Condition: Fifty-nine personnel files were reviewed for the background check required for employment. A background check could not be located for one of those files.

Criteria: In accordance 1978 NMSA 22-10A-5, all employees who have unsupervised access to children are required to have a background check completed and approved.

Cause: The District is not maintaining adequate controls over employee hiring.

Effect of condition: The District is out of compliance with requirements for 1978 NMSA 22-10A-5.

Recommendation: The District should not employ any individual without prior receipt of the cleared background check.

Management's response: The employee file that did not include a background check was on an employee hired in 2003. The law in effect at the time specifically states that a background check does not need to be done if PED already had one on file that is not older than 2 years. (Section 22-10-A.5 NMSA 1978 Paragraph C). This employee was newly licensed to teach in NM after moving from TX at the time of hire. Therefore the District was in compliance with the law at the time. However, the HR Department recently followed up with this employee to get an updated background. To prevent future occurrences the HR Department will continue to follow the current law and District policy and procedure. Additionally, the HR Specialists will review all active employee files hired prior to 2015 to ensure that background checks are on file.

Responsible party(ies) for corrective action(s): Director of Human Resources.

Corrective action(s) timeline: June 30, 2020

I. PRIOR YEAR FINDINGS - NOT RESOLVED

NM 2018-001 INTERNAL CONTROLS OVER BUDGETARY EXPENDITURES

Current Status: Not resolved. Repeated in the current year.

II. PRIOR YEAR FINDINGS - RESOLVED

FS 2018-001 INTERNAL CONTROLS OVER ACCOUNTS PAYABLE

Current Status: Resolved. Not repeated in the current year.

FS 2015-005 MONITORING OF GRANT EXPENSES

Current Status: Resolved. Not repeated in the current year.

NM 2016-001 CASH APPROPRIATIONS IN EXCESS OF AVAILABLE CASH BALANCES

Current Status: Resolved. Not repeated in the current year.

NM 2017-002 INTERNAL CONTROLS OVER SUSPENDED AND DEBARRED VENDORS

Current Status: Resolved. Not repeated in the current year.

The independent public accountants assisted in the preparation of the financial statements. The accompanying financial statements are the responsibility of the District and are based on information from the District's financial records.

An exit conference was held October 21, 2019 and was attended by the following individuals:

RIO RANCHO PUBLIC SCHOOL DISTRICT NO. 94

Ramon Montaño	Member, Board of Education / Audit Committee
Wynne Coleman	Member, Board of Education / Audit Committee
Dr. V. Sue Cleveland	Superintendent; Member, Audit Committee
Michael Baker	Chief Operating Officer; Member, Audit Committee
Arlene Manzanares	Executive Director of Finance; Member, Audit Committee
Heather Gabaldon	Director of Finance

ACCOUNTING & FINANCIAL SOLUTIONS, LLC

Terry Ogle, CPA	Partner
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